



CABINET

11 December 2024

Subject Heading:

Permission to bid for DFE capital grant to develop local children's homes

Cabinet Member:

Cllr Oscar Ford, Cabinet Member for Children and Young People

ELT Lead:

Tara Geere, Director of Starting Well

Report Author and contact details:

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Policy context:

Havering Corporate Parenting Strategy

Financial summary:

This decision will enable Havering to apply for capital funding from the DFE, but will require the Council to commit £550k of capital to the project. After completion of the children's home build, there will be a revenue requirement to be funded from current Starting Well budgets circa £2.2m pa of pooled funding.

Is this a Key Decision?

This decision is Key:

(a) Expenditure or saving (including anticipated income) of £500,000 or more

(c) Significant effect on two or more Wards

When should this matter be reviewed?

June 2025

Reviewing OSC:

People OSC

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

People - Supporting our residents to stay safe and well	X
Place - A great place to live, work and enjoy	X
Resources - Enabling a resident-focused and resilient Council	X

SUMMARY

Havering Children's Services within the Starting Well Department has a statutory duty to have sufficient homes to accommodate children in need of local authority care. Currently Havering does not operate its own children's homes and relies on the market to provide for all of its placement needs. For children with the most complex needs, especially those with emotional wellbeing and mental health needs, identifying the appropriate home for them is difficult given the current national and local market position and can often lead to delay of discharge from mental health units.

The Department for Education (DFE) is releasing capital to enable councils, working with NHS Integrated Care Boards (ICB), to develop local children's home services. The grant will be awarded based upon the identified level of need and the quality of the partnership, which will deliver improved outcomes for children in need.

The creation of a local, specialist children's home service may prevent children from requiring to be placed in a hospital setting, or provide them with a pathway from hospital. It will also enable the council and ICB to manage their resources better.

The proposal is for Havering to apply for capital funding of £1.1m, which will be match funded by the ICB and Havering Borough Council to create two children's homes, which will be delivered with specialist health services being deployed to support children with the most complex needs. This project will enable children to remain in Havering, access local schools, have access to their health services and enable them to maintain the most important relationships.

RECOMMENDATIONS

The Department for Education (DFE) is releasing £60m of capital funding to support local authorities in England to increase the capacity of children's home placements. The application process opened on November 1st 2024 and will end on February 28th 2025.

The focus of the DFE's funding is to support councils to manage their resources better, by reducing the requirement to purchase high-cost care, and to increase sufficiency of local homes to prevent children being placed in Tier 4 mental health services or in unregulated children's homes.

For the reasons detailed in this report, Cabinet is recommended to agree:

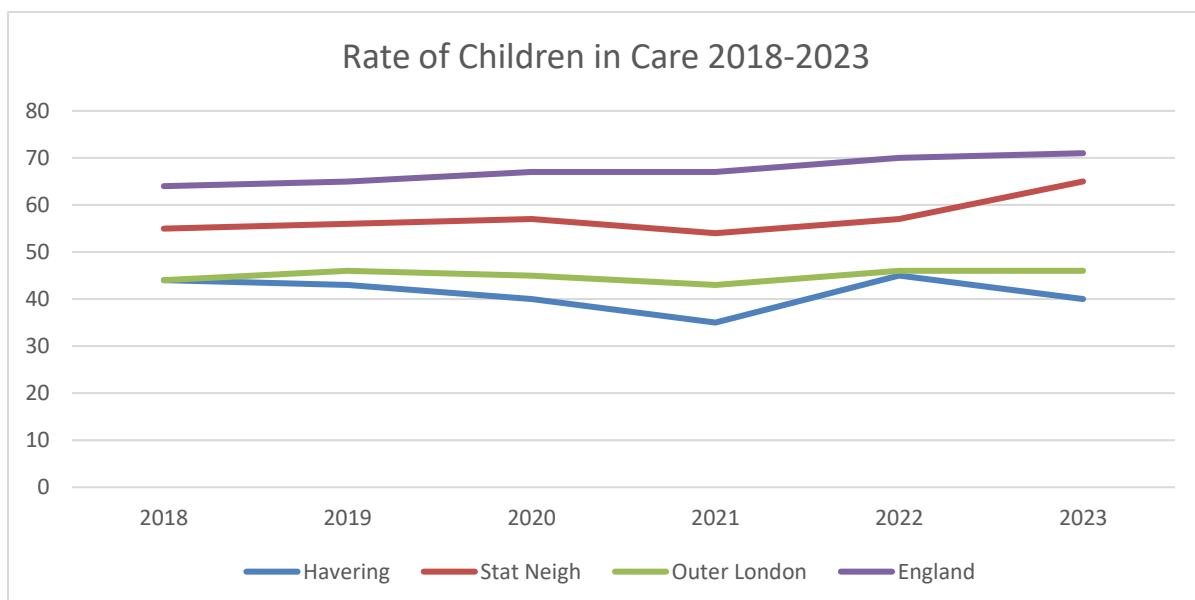
1. the Council lead and submit grant bid application to be made to access the Capital Fund at the DFE noting the match funding of £550,000 from the Council on successful bid.

2. to delegate authority to the Director of Starting Well in consultation with Cabinet Member for Children and Young People to agree and enter into the grant agreement should the Council's bid be successful commit the Council capital budget of £550,000.
3. Subject to recommendation 1 and 2, that the Council enter into an agreement with NHS Integrated Care Board detailing the ongoing commitments between the parties as to the grant arrangements with the DFE.
4. Subject to the above recommendations to delegate authority to the Director of Starting Well to agree the purchase of two assets for the purposes of adapting to accommodate young people locally.

REPORT DETAIL

Background:

1. Although Havering has seen a significant growth in its child population since 2011, there is still a relatively low number of children in care. Havering's rate of children in care per 10,000 population has remained relatively stable over a number of years. The graph below shows a comparison of rates of children in care between Havering, Statistical Neighbours, Outer London Boroughs and England.



2. The number of Havering children in care on the 30th September 2024 was 280, of these 43 children were living in a children's home or residential school, this represents 15.4% of the total care population.

3. The Council actively seeks families for children in care and 75% of all Havering's children in care live within a family setting. The use of children's home care is restricted to children whose needs cannot be met safely within a family.
4. The profile of our children living in children's homes indicates that they have experienced multiple traumas during their childhood, and they have struggled to manage the emotional impact of these. These experiences include parental mental health, parental substance and alcohol misuse which have significant impact upon the parent's ability to provide consistent care. This can lead to children having insecure attachments and significant impairment of brain and emotional development. There is often parental domestic violence associated with the other parental behaviours, which will also leave detrimental impacts on the children.
5. Sometimes when children who have experienced these prolonged events come into care, the foster carers are unable to meet their needs and keep them safe. There is sometimes violent behaviour and emotional dysregulation, which are difficult to manage within a family setting. Some young people cope with this emotional turmoil through self-harming behaviours or through developing inappropriate exploitative relationships outside of the home.
6. Children who have the most serious emotional dysregulation are often also known to our colleagues within the child and adolescent mental health services (CAMHS). In Havering annually over 25 children are detained under the Mental Health Act in a Tier 4 hospital unit.
7. These young people receive specialist interventions from psychiatrists, psychologists and specialist nurses, and are resident in these units for on average four months. Most of these children return to the family they were living with before being detained, however each year approximately 5 children require specialist residential care after their treatment has ceased.
8. The process of transition planning is complex and the identification of a follow on children's home is often problematic. Since January 2024, three young people have been discharged from mental health units to children's homes. All three had a delay of discharge, and moved to specialist provision in the private sector. None of these services are within Havering and only one is within the NELFT service area, which means a transfer of care from one mental health trust to another.
9. The average cost per week for the three children is £18,300, which is an annual cost of £2.9m. The cost of these young people is shared with the ICB, as there is an acknowledgement that these children require multi-agency support, which is likely to be for many years, including in their adulthood where they may need Adult Care Services.

10. There is evidence of other councils and ICBs creating joint residential services to meet the needs of these children within the council area from where they live. The DFE and DH are keen to support councils provide care and treatment closer to home, which either prevent the need for, or provides a pathway from Tier 4 CAMHS and are supportive of joint initiatives to improve children's outcomes. The operational costs of such children's homes are in the region of £7,000 per week, which includes psychiatry, psychology and other therapeutic interventions. If a service was available for the children described above there would be a cost avoidance of c£1.8m per year.
11. The DFE is releasing £60m in capital funding during 2025, to support councils in developing local children's homes. These will be aimed at the children identified above. The Director of Starting Well and the Joint Director for Partnerships, Impact and Delivery support the development of a Havering owned specialist children's home service.
12. The intention will be to create a real multi-agency therapeutic children's home service, initially operating two homes in Havering. The service will be co-produced with practitioners from the Consortium for Therapeutic Communities, and care experienced young people.

REASONS AND OPTIONS

Reasons for the decision:

13. Whilst the number of Children in care has remained stable the number of Havering children requiring care within a children's home setting has increased significantly over the last three years, and the level of Council funding for this type of care has increased by over 300%.
14. The needs of these children mean that they require specialist care which can cost upwards of £10,000 per week, and is often far away from Havering.
15. The development of a specialist children's home service in Havering, for Havering children, will mean we can provide children with a high quality, local therapeutic service, supported by our colleagues from the health sector and Integrated Care Board (ICB), at a significantly lower cost. This will provide the council with assurance that children are having the right support, in the right place at the right cost.
16. The intention will be to apply for half of the capital costs to deliver two children's homes. The estimated total capital cost of the project is £2.2m. It

is proposed that the Council and the ICB will be joint partners in this project and will each contribute 25%, £550k, of the capital requirement.

17. There is no detrimental impact to applying for the grant. However, it will provide evidence to the DfE and OFSTED that Havering is ambitious and is attempting to make a positive difference for children in care.

Other options considered:

The DfE capital grant is the preferred option to support the Council and ICB develop its own local services but there are other options;

1. The Council and ICB fully fund the capital requirement to build a children's home service, it will cost £2.2m to create two children's homes. This will be the fall-back position if the application is unsuccessful and will be subject to a future Executive Decision.
2. There are currently six children's homes in Havering, which are registered with OFSTED to provide care for children with social and emotional difficulties. They are operated by six different companies and 23 children can live within these homes. Havering could create a contractual relationship with these companies to provide care, but it would not achieve the type of care required and would not provide the value of money that an in-house service will offer.

IMPLICATIONS AND RISKS

Financial implications and risks:

This report requests the addition of a new project to the capital programme to acquire the freehold of two properties and renovate/refit them as two residential children's homes. It is estimated that the total cost of this project including purchase price, stamp duty, renovation and furnishing, project management and contingency will be £2.2m.

If the full cost of this project were to be borne solely by the Council this would require financing costs in the region of £0.15m to £0.18m (depending on the asset life used.)

The Council will be submitting a bid to the DfE for a grant to fund 50% of this capital cost and entering into a partnership with the ICB to share the rest of the cost. This will reduce the cost to the Council to £0.550m which would in turn reduce the financing costs to £0.040m to £.050m a year. This would be met from savings in the LAC placement budget (see below.)

The grant would be issued with a number of conditions. Funding will be provided in arrears based on the progress of the project and there is an absolute deadline of March 2029 for completion. As a condition of the bid the Council will retain the ownership of the building and be ultimately responsible for the ongoing repairs and maintenance cost. It will need to be used as a fully compliant Ofsted registered Children's home for a minimum of five years. These conditions are in line with the Council's intentions and so do not appear unduly onerous but there would be a financial risk to the council if they cannot be met for some reason.

The DfE will not provide any revenue funding for the operation of the children's home. It is planned to use these homes for a small number of children (around five to six) with high levels of complex needs. The cost of providing such care is estimated to be around £7000k to £8000k per child per week which would need to be made available from the LAC placement budget. However it is expected that this would avoid the need to fund specialist placements which in the current care market can cost significantly more thus creating a significant saving even once the capital financing and other property costs are taken into account. These savings would be available to help the Council's MTFS.

The Council does not currently operate any children's homes itself and so will need to work in partnership with an experienced provider to develop this service. As this will be a new model it will be necessary to take a great deal of care in setting up the partnership and ensuring that there are clear arrangements for all matters including the maintenance of the building, the specification of the care provided and finding suitable young people to be placed together and management of risk.

Legal implications and risks:

The Council has a number of statutory duties primarily detailed under the Children Act 1989, the Children Leaving Care Act 2000, Children Act 2004 and Children and Social Work Act 2017 as to its obligations with respect to safeguarding of young persons. That may include the acquisition and maintaining of children homes. Further, section 111 of the Local Government Act 1972, which allows the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

The Council also has a general power of competence under Section 1 of the Localism Act 2011 to do anything an individual can do, subject to any statutory constraints on the Council's powers. None of the constraints on the Council's Section 1 power are engaged by this decision as to the bid and acceptance of grant funding.

Section 120 of the Local Government Act 1972 permits that the Council may acquire any land for the benefit, improvement or development of their area. A detailed governance decision as to any acquisition would need to be arranged when suitable assets are ready to be acquired.

It is anticipated that planning consents, regulatory registrations and works will need to be undertaken to arrange aspects of the programme to bring the homes into fruition should the bid succeed. Such consents and decisions will be subject to

separate governance including meeting the Councils Contract Procedure Rules contained in the Constitution.

Human Resources implications and risks:

The recommendations made in this report do not give rise directly to any identifiable HR risks or implications that would affect either the Council or its workforce. However, should the application be successful there may be HR implications in relation to the way in which the Council utilises the funding (e.g.: potential creation of a project team; potential creation of new posts to resource any in-house provision of a children's home). Any such implications will be addressed in accordance with the Council's HR policies and procedures at the appropriate time.

Equalities implications and risks:

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, age;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

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

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.

The funding set out in this report would benefit local residents by providing suitable accommodation for the most vulnerable, particularly to those with additional support needs. Should the grant application prove successful the Council will ensure an EQIA is fully assessed and maintained as part of the project delivery.

Health and Wellbeing implications and Risks

If this bid is successful, it will enable the Council and health partners to create local provision that better meets the needs of some of our most vulnerable children and young people and at lower cost to the public purse. The children themselves would benefit directly, in that they will be more likely to be discharged from hospital as soon as clinically appropriate to a more suitable, local facility; better preserving links to and support from family and friends. Similar, if not better outcomes will be achieved at considerably lower cost, allowing monies to be redirected to benefit a wider group of children in the borough.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

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

The development, if approved, will enable the Council to build two homes that will be targeted at high levels of energy performance. In particular, by providing homes within Havering this will significantly reduce the climate impact of young people and their support workers travelling long distances to undertake visits to each other.

BACKGROUND PAPERS

None