



## Report to Cabinet

- Date:** 4 January 2024
- Title:** **Provision for Looked After Children – a new approach**
- Cabinet Member(s):** Anita Cranmer, Cabinet Member for Children’s Services
- Contact officer:** **Jo Baschnonga, Service Director Major Projects**
- Ward(s) affected:** All wards
- Recommendations:**
- 1) Agree to adopt a phased approach to invest in up to 10 new in-house children’s homes (delivering 32 additional beds), to be delivered in stages over the next 3 years. This includes:
    - a) The addition to the capital programme of £11.184m of capital expenditure, of which £984k to be added to the 2023-24 Capital Programme and £10.2m to the Capital MTFP, phased over 4 years, funded from borrowing.
    - b) The inclusion of a net -£0.662m saving in 2025-26 rising to -£2.981m saving in 2026-27 and -£4.998m in 2027-28 to the Revenue MTFP resulting from moving children currently in high-cost unregistered and external residential provision into in-house children’s homes.
    - c) Delivery of the programme in clear phases including a further review of the business case by Cabinet within 12 months.
  - 2) Agree to delegate authority to use the Council’s existing property portfolio for this programme (where the costs are in line with the agreed Capital and Revenue budgets) to Service Director Property and Assets in conjunction with Service Director Major Projects, the Lead Member for Planning and Regeneration and the Lead Member for Education and Children’s Services
  - 3) If it is not possible to identify suitable properties within the Council’s existing portfolio, agree to authorise the Service Director Property and Assets in conjunction with Service Director Major Projects, the Lead Member for Accessible Housing and Resources and the Lead Member for Education and Children’s Services to undertake property searches, exchange and complete on the initial four homes referenced in this report (homes 5-10 will be subject to Cabinet decisions before phases 2 and 3 commence).

## Other Options Considered

The children's homes are part of a wider suite of activities set out in the Placement Sufficiency Strategy, including:

- Market intervention to stimulate growth in external residential including joint working with potential partners to deliver cost effective options within the external market.
- Alternatives to residential provision in particular growth in foster carers.
- Tackling 'move-on' such as move-on housing for care leavers.

## **1. Executive summary**

- 1.1 Local authorities have a statutory duty to provide sufficient high-quality placements for their looked after children. Towards the end of the Covid pandemic in Autumn 2021 the external (private) placements market collapsed. This caused a national crisis in placement sufficiency, which has been deepened by a range of new challenges linked to the cost-of-living crisis and economic downturn.
- 1.2 The scale of these challenges has prompted local authorities to develop new and radical approaches to achieving placement sufficiency. Local authorities across the South East are exploring options for expanding in-house (Council-run) provision. This paper presents a case for Buckinghamshire to invest in up to 10 new in-house children's homes (32 beds) taking a phased approach. These proposals will enable the Council to meet its statutory duties around placement quality and sufficiency for future years, deliver £4.998m savings (by 27/28), while also reducing exposure to financial and legal risk. The potential to work in partnership to deliver this proposal is being explored.

## **2. Background**

### **Looked After Children in Buckinghamshire**

- 2.1 In Buckinghamshire, we are effective at preventing children from needing to be placed in care – demonstrated by our low rate of looked after children (LAC) per 10,000 population. There are currently 41 children in care per 10,000 in Bucks, compared to an average of 70 per 10,000 across England. This gap has widened over the last 5 years where our rate of LAC has remained consistent while the rest of country has seen an increase (64 to 70 per 10,000), as shown in Fig. 1. Early findings for 2023 show that nationally the number of looked after children has increased by 2% compared to last year, while numbers remain stable in Buckinghamshire.

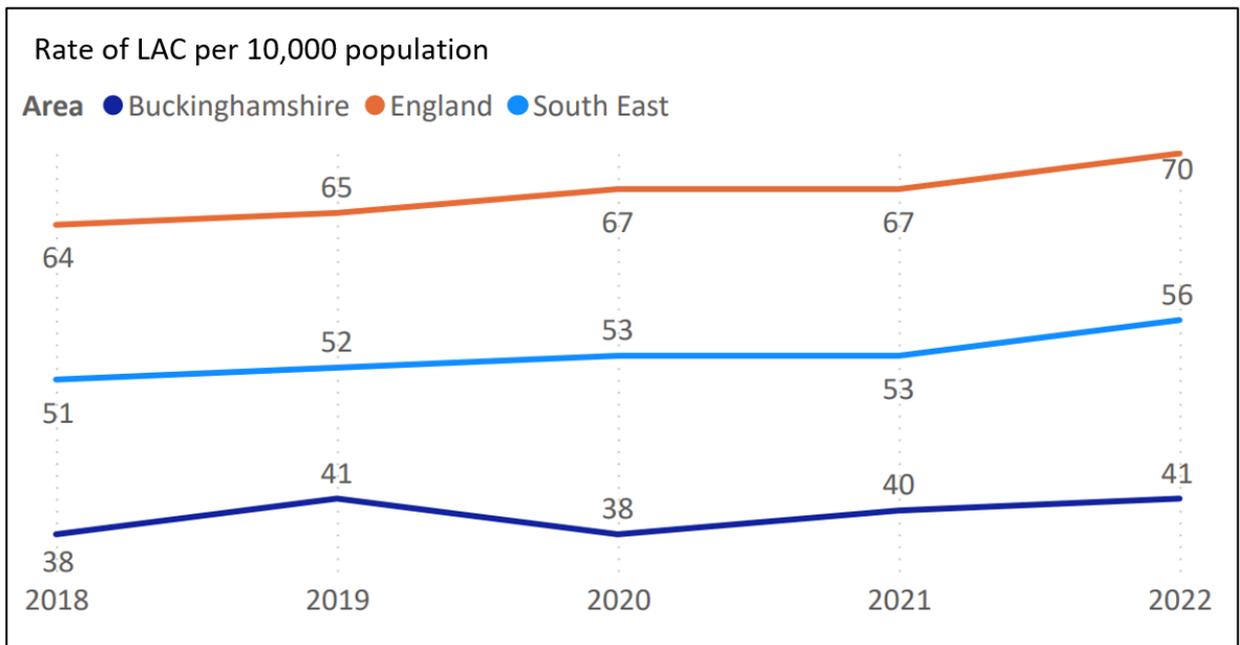


Figure 1: Rate of LAC per 10,000 population

2.2 In Buckinghamshire, we currently have 3 in-house registered children’s homes comprising 14 beds. By Summer next year, 3 additional homes will have opened providing a further 10 beds. See Figure 2 for further detail.

## Expansion of in-house residential since 2017

<p>2017 – 3 new homes (14 beds)</p> <div style="display: flex; align-items: center; margin-bottom: 10px;">  <div style="margin-left: 10px;">The Elms (5 bed)</div> </div> <div style="display: flex; align-items: center; margin-bottom: 10px;">  <div style="margin-left: 10px;">Wenlock House (5 bed)</div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;">Newlands (4-bed)</div> </div>	<p>23/24 to 24/25 – 3 new homes (10 beds)</p> <div style="display: flex; align-items: center; margin-bottom: 10px;">  <div style="margin-left: 10px;">The Coach House (2 bed) – open from October 23</div> </div> <div style="display: flex; align-items: center; margin-bottom: 10px;">  <div style="margin-left: 10px;">Pineview (4 bed) – property renovations due to complete &amp; start Ofsted registration process starts <a href="#">in</a> March 24</div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;">Highlands (4-bed) – property renovations due to complete &amp; start Ofsted registration process starts <a href="#">in</a> June 24</div> </div>
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Figure 2: summarising our current in-house children’s homes in Buckinghamshire, and 3 new homes being launched this financial year.

2.3 The Council also runs 11 unregistered children’s homes (rental properties) in Buckinghamshire which house 11 children, cared for by agency staff. These homes care for children who would

otherwise have been placed in external unregulated placements with higher levels of risk (bringing our unregistered placements in-house has been successful in terms of improving outcomes for the children, enabling us to manage risk and assure a good standard of care).

- 2.4 Despite maintaining a stable proportion of children in care, the Council’s spend on placements has increased significantly over the last 3 years from £27.3m to a forecast £38.4m this year. This reflects growing demand for residential placements due to a loss of foster carers and unit cost increases of 25-30% across all external placement types during this period. This starts to reveal the impact of the post-pandemic global economic crisis on the national placements market. It is a complex and dynamic picture, with various interconnected factors creating a ‘perfect storm’ – with all placement types becoming harder to find and costing significantly more.
- 2.5 As a result, in November 2021 we placed our first child in ‘unregistered’ provision. This is where a local authority places a child under the age of 18 in accommodation that is not registered with Ofsted<sup>1</sup>.
- 2.6 Wider engagement across the South East (via the South East Sector-Led Improvement Partnership) has shown that all Authorities in the region are facing similar pressures and challenges to Buckinghamshire in terms of demand far outstripping supply and significant increases in average placement costs.

### **Risks around use of unregistered provision**

- 2.7 The number of unregistered placements in Buckinghamshire has increased. As numbers have increased, the risks associated have become more pronounced, summarised in Table 1 below. The recommendations presented in this paper would enable us to manage these risks by significantly reducing our reliance on unregistered arrangements.

<b>Risk type</b>	<b>Risk description</b>
<b>Outcomes for children</b>	Although in Bucks we have set-up our own unregistered provision which is managed carefully to maintain high standards of care, unregistered arrangements do not provide children with the stability or permanence required to deliver the best outcomes, and they do not meet all of Ofsted’s standards (e.g. the use of agency and security staff).
<b>Financial</b>	Significant pressures on placements budget - we are forecast to spend £9.9million <sup>2</sup> on unregistered placements this financial year.
<b>Legal</b>	Placing children in unregistered provision is unlawful and the Local Authority is at risk of being fined by Ofsted for operating illegal homes.
	Individual children can seek to take legal action against a local authority who places them in an illegal placement. Whilst a young person could pursue an action many years later when they have become an adult normally these types of claims

<sup>1</sup> Local authorities have a legal responsibility for placing their looked after children in foster placements or children’s homes that are registered with Ofsted.

<sup>2</sup> Forecast costs for existing 11 children in unregistered provision, as at September 2023.

	would be expected within 3 years following their 21st birthday, although there are some exceptions to this.
	A young person who has an Education Health and Care Plan (EHCP) can take legal action against a local authority where the needs set out in an EHCP are not met. This could result in Legal challenge and potential appeals from parents that children as not accessing the provision as expressed in their EHCP. This importantly includes “type of school/provision” and can apply in a general sense but applies to a cohort of young people in Unregistered Provision
<b>Reputational</b>	The use of unregistered placements could impact on our overall Ofsted rating – as was the case recently (May 23) in South Tyneside where an inadequate rating was given in part due the Authority’s reliance on unregistered provision.

Table 1: risks associated with the use of unregistered provision

### 3. Placement sufficiency in Buckinghamshire – a way forward

3.1 An addendum to the Placement Sufficiency Strategy was developed earlier this year in the wake of these unprecedented challenges which identified the following two priorities for regaining control and future proofing placement sufficiency in Buckinghamshire:

- **Increase in-house provision of residential and foster care** - in order to regain control in a spiralling private placements market.
- **Increase accommodation options for care leavers** - to ease a demand in this part of the system which is currently preventing young people who are ready to live more independently from leaving their residential and semi-independent placements.

3.2 These priorities reflect the two most significant supply shortfalls in our current system, which are driving our use of unregistered placements and high cost placements in the independent sector. Tackling these priorities will enable us to have greater control over our costs in the years ahead.

3.3 The remainder of this paper sets out proposals for tackling the first priority area through the development of up to 10 in-house children’s homes (32 beds). A proposal around the second priority will follow.

#### **Demand for Children’s Homes**

3.4 The total number of residential placements in Buckinghamshire is currently equivalent to 84 placements (FTE).

<b>Residential Placements</b>	<b>Sep-22</b>	<b>Sep-23</b>	<b>% by category</b>
In-house	14	13	15%
Unregistered	7	10	12%
Cross Regional contract	4	4	5%
External residential	49	57	68%
<b>Total</b>	<b>74</b>	<b>84</b>	<b>100%</b>

Table 2: Total number of residential placements in Buckinghamshire

3.5 The number of residential placements (excluding in-house) has grown by 50% (from 47 to 71) over the last two financial years, driven predominantly by a drop in the number of foster carer placements (internal and external). This drop in foster care placements is a result of the ‘perfect storm’ referenced in the opening sections of the paper – whereby looked after children’s needs have become more complex post-pandemic, (potential) foster families are affected by the cost-of-living crisis, and there are fewer households with spare rooms available due to adult children moving home and the Homes for Ukraine scheme. This shift from foster care to residential placements, alongside the very significant unit cost increases we have seen in the last 3 years, is one of the main causes of the financial pressures within the LAC placements budget.

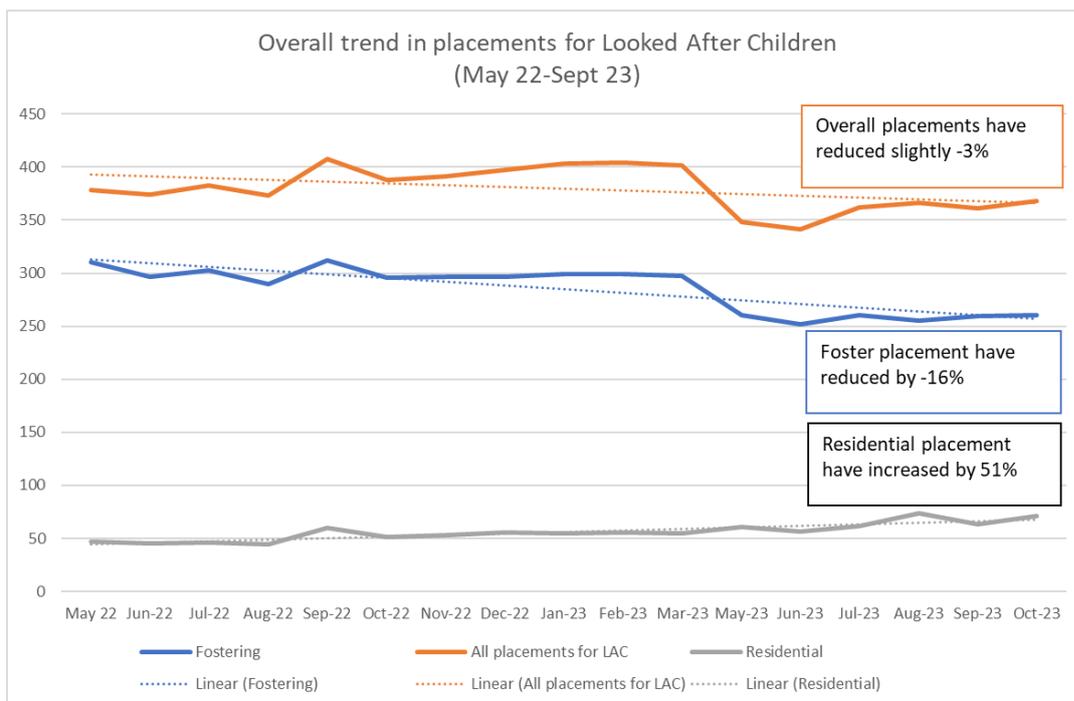


Figure 3 – change in placement type for Looked After Children

3.6 The increasing complexity of looked after children’s needs since the pandemic has also been driving the use of high-cost unregistered placements. Figure 4 shows that the number of placements in unregistered provision in Buckinghamshire gradually increased during quarter 4 and quarter 1 this year – with a minimum of 5 in February, climbing to 10/11 across the summer period. Children in these placements are our most high risk and complex. Approximately 70% of this cohort of children have very complex needs and high-risk behaviours including self-harm, harm to others, links to criminal gangs and drug-use. All children in the current cohort are diagnosed ASD and/ or ADHD.

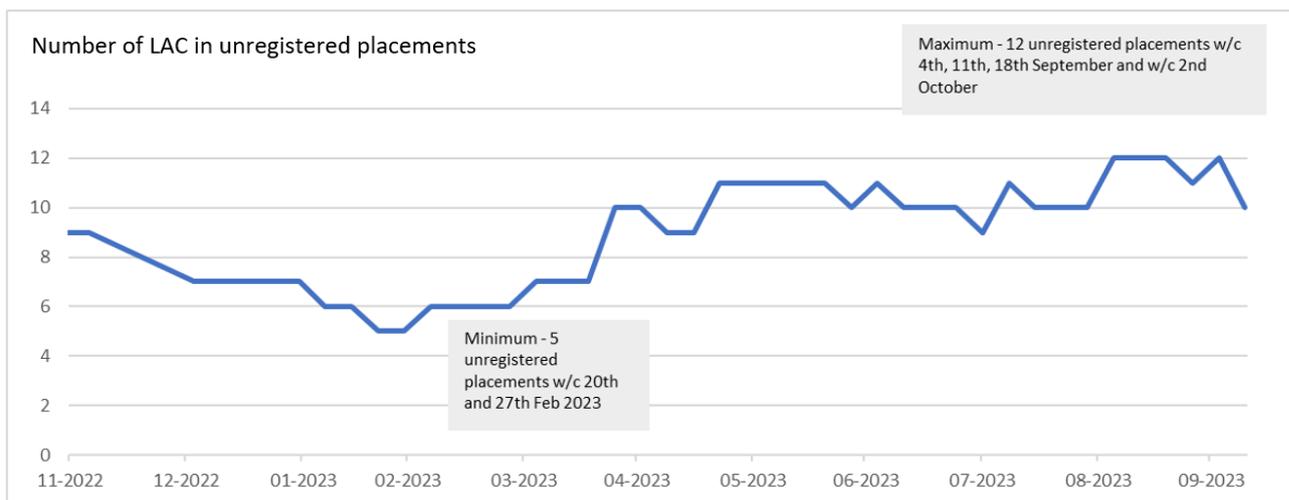


Figure 4: Trend in unregistered placements in Buckinghamshire January-Sep 23

3.7 Caring for children with such complex needs and maintaining a good or outstanding Ofsted rating is challenging, which further disincentivises private providers from placing children in this cohort (particularly in a provider’s market). Providing sufficient placements aligned to our increasing cohort of high-risk children must be at the centre of our future placement sufficiency plans.

3.8 The recent changes in demand for residential placements described above are linked to complex social and economic factors, which are challenging to predict. Therefore, this proposal is based on evidence of current need, and we propose a phased delivery with regular check-points and Cabinet decisions (detailed in Section 3.2.4) enabling us to tweak our plans according to the latest evidence.

**Proposed expansion of in-house residential provision**

3.9 The recommendation is to develop up to 10 properties (see Figure 5), providing 32 extra beds by 2027. This will enable the children currently in (high cost/risk) unregistered placements to be moved to more cost-effective in-house placements that will better meet their needs. It will also enable a number of other children currently placed in high-cost external residential placements out of county, to return to Buckinghamshire (approximately 21). Our financial modelling demonstrates that we can provide in-house placements at a lower cost. Therefore, this change will enable us to manage our budget pressures, while also improving the outcomes of the children in these placements and supporting the Council’s ambition to achieve a ‘Good’ Ofsted rating.

3.10 It should be noted that the number of beds cited refers to the available beds for placing children – some properties will require additional bedrooms for night shift residential care workers.

- 4 x two-bed homes for complex cases
- 2 x four-bed homes for short-term placements
- 4 x four-bed homes for standard placements

**10 new Children’s Homes (total 32 additional beds)** – for very complex/ high risk children, and lower-risk children where placements are difficult to find

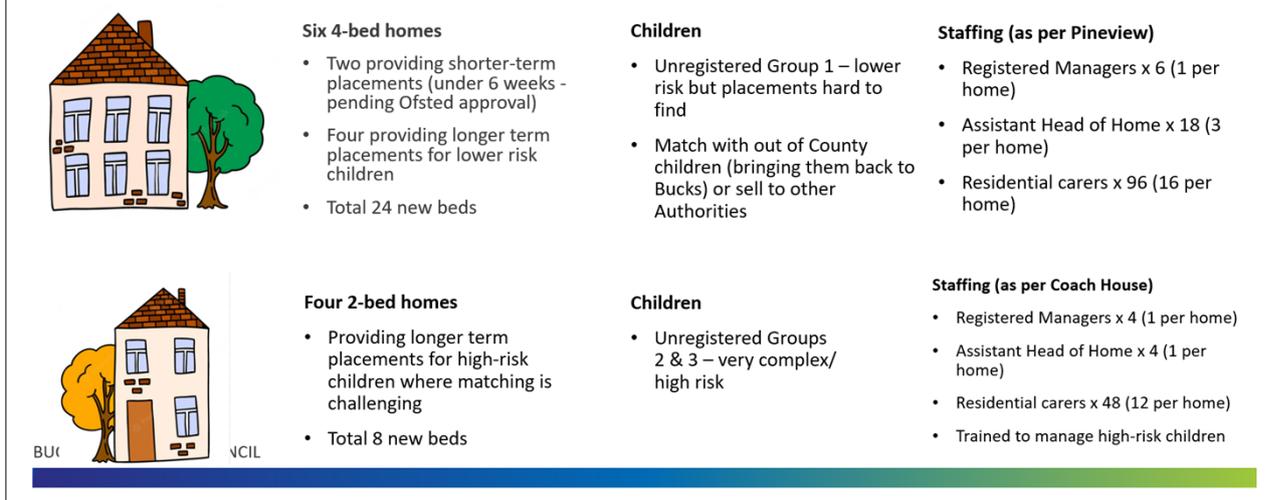


Figure 5: summary of proposal for 10 new children’s homes 24/25, 25/26 & 27/28

3.11 Due to the uncertainty around future demand and economic context, we would deliver in three year-long phases, returning to Cabinet with recommendations as per the timeline presented below. As an additional mitigation for the uncertainty around future demand, three-monthly review points will be scheduled into the programme timeline to keep track of intelligence around need and cost. A more detailed timeline for implementation is presented in Appendix A.

Phase	Properties purchased	Properties	Cabinet decision
Phase 1	Feb 24-Aug 24	1-4 (2-bed homes)	Dec 23
Phase 2	Nov 24-Apr 25	5-7 (4-bed homes)	Jul 24
Phase 3	Aug 25-Feb 26	8-10 (4-bed homes)	Apr 25

Table 3: Timeline

**Staffing the Children’s Homes**

3.12 The key roles required to run a Children’s Home (Registered Manager, Assistant Manager and Residential Care Worker) are all ‘hard-to-find’ – as such staffing the new Children’s Homes is one of the key risks to this proposal. An estimated total of 176 staff are required to run 10 Children’s Homes. See Appendix B.

3.13 Key mitigations include financial incentives for all staff (in line with those offered to social workers), competitive salaries, and an academy route enabling us to support less experienced candidates to develop their skills. If recruitment becomes challenging, market premiums are an additional mitigation we can deploy (a full list of mitigations is presented in the ‘Risks’ section below).

3.14 With a total of 292 members of staff across our in-house operations (including our existing 6 residential homes, Sunflower House<sup>3</sup> and the 10 new children’s homes proposed in this paper),

<sup>3</sup> Parent and child assessment home in Aylesbury

additional management capacity and support services will be required, at a total cost of £217k in 24/25 rising to £396k from 25/26 onwards.

**Alternative option: do nothing**

3.15 Unregistered arrangements are forecast to cost the Council £9.9million<sup>4</sup> this financial year. If nothing changes within the market and we continue to make unregistered arrangements at this level, this represents a significant financial risk to the Council.

**Risks**

3.16 There are risks associated with delivering the significant levels of savings outlined in our proposals. There are also some risks to timely delivery, although we believe these can be managed – based on our experiences of developing 3 new children’s homes in Buckinghamshire this year, which is effectively a pilot for the scaled-up ambitions presented in this paper. We are also working closely with the South East Sector-Led Improvement Partnership, learning from the experiences of other Authorities across the region.

Risk	Likelihood	Action
Changing economic conditions could impact on achievement of savings e.g. increased interest rates	High	Delivery plans are phased (with Cabinet decisions prior to progressing each phase). Three monthly review points have also been mapped into the implementation plan to manage this risk – demand, cost/ benefit and risk analysis will be refreshed at these junctures before plans progress further.
Occupancy rate, matching and achievement of cost avoidance	High	Occupancy rate (voids) and Ofsted regulations around matching have the potential to impact on the costs/ savings outlined in this proposal. This is very hard to predict as it is dependent on the specific needs of the children requiring placement at any given time. The demand scenario that underpins our recommendation assumes that 2-bed properties will be 50% occupied (allowing for the likely outcome that the very high risk children placed in these properties will be difficult to match against), and that 4-bed properties will be 80% occupied. This is a fair reflection of what could be achieved with our current cohort of children and their needs.

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<sup>4</sup> Forecast costs for existing 11 children in unregistered provision as at September 2023.

Failure to recruit required staff	High	<p>This is a highly competitive market. To attract and retain appropriately skilled staff we have included the following:</p> <ul style="list-style-type: none"> <li>• Financial incentives for all roles</li> <li>• Competitive salaries</li> <li>• Flexibility offered through pool of relief workers</li> <li>• Adequate time planned into timeline to allow for multiple rounds of advertising</li> <li>• Implementation costs include dedicated HR support for recruitment</li> <li>• Market premiums to be considered if recruitment becomes challenging (this would reduce level of savings)</li> <li>• Academy model and Apprenticeship route being explored.</li> <li>• Flexibility to work across our residential provision.</li> </ul>
Potential challenges moving children on from short-term placements (two 4-bed homes)	Medium	<ul style="list-style-type: none"> <li>• Close monitoring of length-of-stay through weekly management reports</li> <li>• Sustained focus on finding long-term placements for these children after placement in short-term home</li> </ul>
Planning approval/planning delay	Medium	<p>Implementation timeline includes some buffer for delays. Although it is acknowledged that objections to planning can cause long delays, this has not been the experience to date with the 3 children's homes we are developing this year. There is a risk of planning not being granted and then being left with a property we cannot utilise – we would seek to resell unless the property was appropriate for a different use.</p>
Renovation cost over-run	Medium	<p>Budgeting for renovation has been based on the works confirmed for the current redevelopment of the Coach House (3 bed) and Pineview (5 bed) which includes a margin for additional costs in case of material cost increase or unforeseen work requirements</p>
Time delays due to weather conditions, or poor contractor performance.	Low	<p>Timeline includes buffers to accommodate for unforeseen delays and is based on experiences and lessons learned from recent and current Children's home development</p>
Failure to identify suitable properties	Low	<p>Property to undertake an extensive property search based on a detailed specification to ensure appropriate properties are found.</p>

*Table 4: Risks associated with expansion of in-house residential provision*

## 4. Legal and financial implications

### In-house Children’s Homes

- 4.1 A financial business case is set out at Confidential Appendix C which presents the proposal, costs and anticipated savings in detail. The business case is based on a ‘steady state’ scenario and assessing the benefits of moving children currently in high-cost unregistered and external residential placements into new lower-cost in-house provision. The potential for future growth in numbers and complexity is not included within this appraisal and is dealt with separately within the MTFP. The business case is based on purchasing and refurbishing properties. At the time of writing, no suitable properties were available within the Council’s existing portfolio, but we are keeping this under review and have included the appropriate delegations in this report to enable us to move quickly should a suitable property arise.
- 4.2 A total capital investment of £11.2m is required, phased over 4 years, funded from borrowing. The gross cost of provision of in-house Children’s Homes (excluding capital financing costs) is £2.761m in 2025-26, £7.255m in 2026-27 rising to £9.776m in 2027-28; offset by savings of -£3.792m in 2025-26, -£10.954m in 2026-27 rising to -£15.494m 2027-28. After implementation and capital financing costs the overall net saving from this proposal is -£0.662m in 2025-26, -£2.981m in 2026-27 rising to -£4.998m in 2027-28. The gross budget implications have been incorporated into the Draft Revenue Budget 2024-25 to 2026-27. Capital Financing costs have been incorporated into the corporate capital financing budget.

### Legal implications

- 4.3 The proposals presented in this paper seek to reduce the Council’s exposure to legal risk associated with unregistered provision – summarised in the table below.

<b>Legal risks associated with the use of unregistered provision</b>	Placing children in unregistered provision is unlawful and the Local Authority is at risk of being fined by Ofsted for operating illegal homes.
	Individual children can seek to take legal action against a local authority who places them in an illegal placement. Whilst a young person could pursue an action many years later when they have become an adult normally these types of claims would be expected within 3 years following their 21st birthday, although there are some exceptions to this.
	A young person who has an Education Health and Care Plan (EHCP) can take legal action against a local authority where the needs set out in an EHCP are not met. This could result in Legal challenge and potential appeals from parents that children as not accessing the provision as expressed in their EHCP. This importantly includes “type of school/provision” and can apply in a general sense but applies to a cohort of young people in Unregistered Provision

*Table 5: Legal risks associated with the use of unregistered provision*

**4a Director of Legal & Democratic Services comment**

The Director has read and commented on this report and has approved its contents.

**4b Section 151 Officer comment**

The revenue and capital implications of the report have been incorporated in the draft Medium Term Financial Plan.

**5. Corporate implications**

5.1 These proposals relate to the 'protecting the vulnerable' corporate plan priority.

5.2 Programme costs include a small project team on a fixed term basis to deliver the programme.

**6. Local councillors & community boards consultation & views**

6.1 Properties have not yet been identified for the new children's homes. Once sites have been identified local member engagement will take place. Additionally, consultation with communities will form part of the planning process.

**7. Communication, engagement & further consultation**

7.1 Specific comms plans would be worked up for each property on a case-by-case basis.

**8. Next steps and review**

8.1 If successful, work will progress to formalise the programme of work including governance and detailed planning.

8.2 As referenced in Section 3.11, 3-monthly review points will be scheduled into the implementation plan, and key decisions on phases 2 and 3 of the programme will be taken to Cabinet before this work progresses.

**9. Background papers**

- [Guide for children and young people: Stable Homes, Built on Love - GOV.UK](#)
- [Buckinghamshire Placement Sufficiency Strategy 2021-24](#)

**10. Your questions and views (for key decisions)**

10.1 If you have any questions about the matters contained in this report, please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider, please inform the democratic services team. This can be done by email to [democracy@buckinghamshire.gov.uk](mailto:democracy@buckinghamshire.gov.uk).