



## Report for Leader Decision (Education & Children's Services portfolio)

<b>Decision Date:</b>	25 October 2024
<b>Reference number:</b>	EC06.24
<b>Title:</b>	<b>Children's homes programme – early release of capital</b>
<b>Cabinet Member(s):</b>	Anita Cranmer, Lead Member for Children's Services
<b>Contact officer:</b>	Jo Baschnonga, Service Director Major Projects
<b>Ward(s) affected:</b>	Aylesbury East Ward, Chiltern Villages Ward
<b>Recommendations:</b>	<b>To agree to release £436k phase 1 budget (25/26) and £212k of phase 2 budget (25/26) early, for the completion of properties in phase 1 of the children's homes programme</b>
<b>Reason for recommendation:</b>	To avoid delay in progress of the Children's Homes programme, and resultant cost pressures.

### 1. Executive summary

- 1.1 In January 24 Cabinet agreed a business case for investment in up to ten new children's homes in Buckinghamshire, in response to the national placement sufficiency crisis which has emerged since the Covid pandemic (see Background Papers for Cabinet paper).
- 1.2 A phased approach was agreed over the next three years, with Capital being released for the first four properties (phase 1). The acceleration of property 5 from phase 2 (to start in May 24) in order to speed up delivery of new provision and savings was agreed at Cabinet in July 24. A third Cabinet paper is due for decision in December seeking agreement for phase 2 (properties 6-10).
- 1.3 Phase 1 is characterised by smaller properties being developed into homes for up to 2 placements for higher risk/ higher needs children (these children are the highest priority due to their current placements in high cost/risk unregistered provision).

- 1.4 It has been challenging to identify properties of the right size for phase 1 homes (i.e. small 2-3 beds) that meet our other criteria (particularly located in a more secluded area, with large driveway, offset from road).
- 1.5 We have identified two suitable properties for the final two homes in phase 1, but they are over the original estimated budget (per property) as they are larger than planned (3-4 beds instead of 2-3 beds).
- 1.6 Across the whole programme we have sufficient capital to manage this, but we need to reprofile the capital budget - releasing approximately £648k earlier than planned (this year instead of next year).
- 1.7 This will not affect the deliverability of phase 2 as we have identified at least £1m surplus capital in phase 2 budget (due to over-estimation of property costs in this phase).
- 1.8 It is critical that we keep to our programme timeline by progressing with these properties in order to open the homes on time and avoid delays to placement of children – which could result in significant new financial pressures of up to £20k per week, per property.

## **2. Main body of report**

### **Children's Homes Programme phase one**

- 2.1 Phase 1 of the programme encompasses the first four properties, which are smaller units (2-3 beds) for higher risk placements with very complex needs. Due to Ofsted matching regulations it is challenging to place high risk children alongside other placements, hence the need for smaller units. This cohort of children have the highest cost placements, often in unregistered provision (average £20k per week), which also exposes the Council to legal and reputational risk – hence why we are tackling the smaller properties at the start of the programme.
- 2.2 The programme formally launched in March. To date we have completed the purchase of properties 1, 2 and 5. The latter is a larger home accelerated from phase 2, which is being developed into an 'assessment home' to provide shorter term placements for children who are new into care or have a good chance of returning home – this will help to reduce the usage of unregistered provision. Planning permission has been granted for property 1 and we are out to tender for the renovations. The planning application is in progress for properties 2 and 5. Properties 3 and 4 are the last remaining to complete phase 1. We have identified properties and made offers on them, due diligence is now underway with completion expected by December. Phase 1 as a whole is on track and we expect to meet the planned opening dates for all properties.

## Children's Homes Programme phase two

2.3 The remainder of the programme comprises of five larger properties (4-5 beds) which will provide 'standard' placements enabling children who are currently placed in higher cost external provision out-of-county to move back to Buckinghamshire to be close to their local networks. Phase 2 is subject to a Cabinet decision in December. Diagram 1 summarises the overall picture across phases 1 and 2.

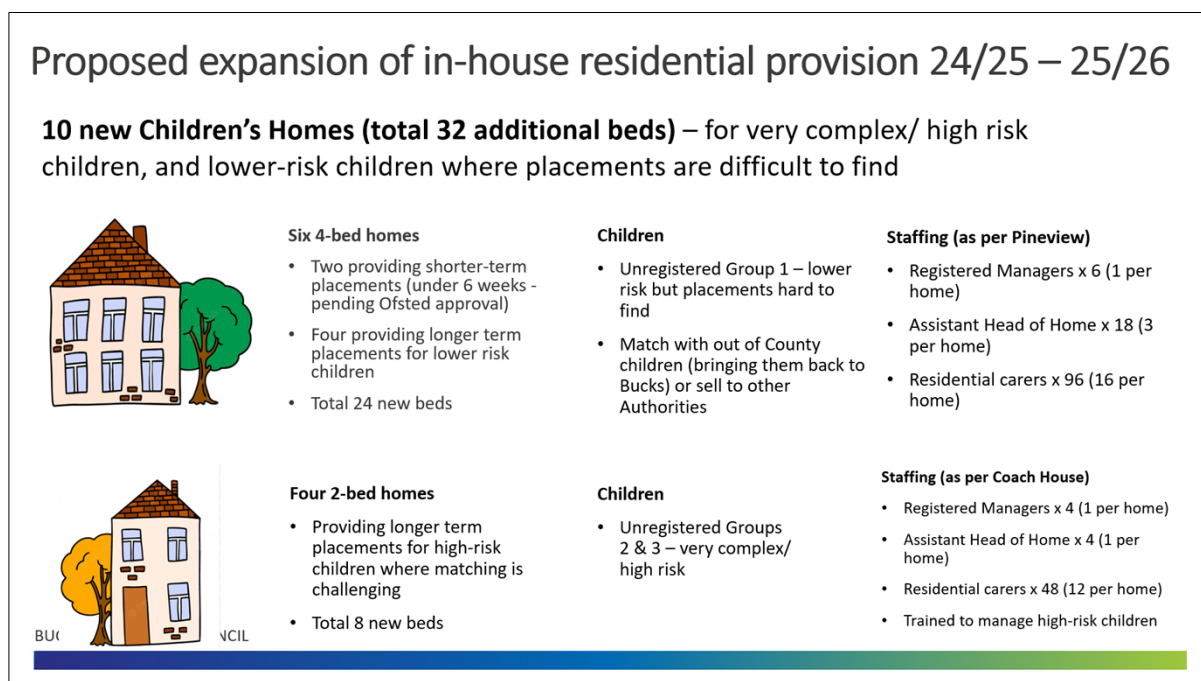


Diagram 1: summary of proposal for 10 new children's homes, agreed at Cabinet January 24.

### Proof of concept

- 2.4 The benefits case for increasing in-house provision has been tested through the development of three new homes prior to the launch of the Children's Homes Programme – the Coach House (launched November 23), Pineview (launched August 24) and Highlands (to be launched January 25).
- 2.5 Early findings evidence the success of these projects. The first child placed in these properties has showed huge improvement as a result of the care and therapy he has received, to the extent that he is likely to return home in the near future. This has demonstrated the potential for these homes to transform children's outcomes, even where they have very complex needs or high levels of risk.
- 2.6 In addition to these achievements, the forecast net saving from these properties this year is £1.3m (The Coach House £829k, Pineview £468k) through avoiding placing children in higher cost external or unregistered provision:

- i. The Coach House is a 2 bedroom children's home occupied since November 2023 by 1 young person who was previously in an unregistered provision at a cost to the council of £29,109 per week. The Coach House costs £14,115 per week to run in-house, generating savings of £14,994 per week.
- ii. Pineview is a 4 bedroom children's home opened in August 2024 occupied by 1 young person who was previously in an unregistered provision at a cost to the council of £40,062 per week. As Pineview is a larger property the cost per week to run is £20,441, generating a saving of £19,621 per week.

### **3. Other options considered**

- 3.1 The alternative option was to continue searching for smaller properties meeting our criteria, until two were identified. However, this would have meant opening these homes later than planned. Due to the very significant cost pressures related to delaying opening for even short periods of time (c.£20 per week – the cost of unregistered provisions where children are currently placed) this option was not considered further.

### **4. Legal and financial implications**

#### **Proposed changes to revenue budget**

- 4.1 This report has no impact on the revenue budget as we are not proposing any changes to the delivery of the homes. This paper is requesting the release of capital funding to enable the purchase and renovations of properties in the market now to ensure no delays are incurred to the planned opening dates of properties. The phase 2 business case will present the changes in delivery of later properties.
- 4.2 The acceleration of Home 5 was agreed by Cabinet as part of the Q2 Adjustments to the Capital Programme.

As reported at the time, accelerating delivery of the property will result in bringing forward the expected savings. The assessment home we are planning for property 5 will be used to avoid 3 unregistered placements, meaning a larger saving than originally expected. The additional savings are £0.9m (£1.2m less £0.3m additional running costs) in 25/26, and £882k per annum thereafter. This will be built into the development of the Medium Term Financial Plan for consideration by Cabinet and Full Council in due course.

## Proposed changes to capital budget

- 4.3 The estimated budget for phases 1 and 2 was defined based on the average price of 2-3 bed and 4-5 bed properties in Buckinghamshire at the time (Summer 2023). Due to a lack of available 2-3 bed properties that meet our other criteria (particularly located in more secluded areas) we have needed to shift our search criteria to include slightly larger properties with 3-4 bedrooms. Our expectation is that the home will still provide up to two placements (for children with higher risk/ complexity of needs) in line with our current demand profile, but the additional space in the property could add flexibility to our delivery model (if our demand profile were to change in the future and we wanted to add further placements).
- 4.4 We now find that the estimated budget for the smaller properties is slightly too low, while we are now able to identify larger properties at more competitive prices than the estimated budget for phase 2. For example, we completed the purchase of property 5 (4 bedrooms) in August for £650k, and early searches for phase 2 properties are finding suitable properties around the £800k mark (compared to the £1m per property estimated budget).
- 4.5 We have identified two final properties to complete phase 1 (a 3-bedroom bungalow in Lane End and a 4-bedroom house in Aylesbury), both of which exceed the estimated budget. Offers have been accepted for £565k and £580k respectively – above the estimated budget of £450k.
- 4.6 The total budget agreed for the phase 1 properties (including the accelerated home 5) was £4.004m of which £3.568m was released spanning the 2024/25 and 2025/26 capital programme. The remaining £436k sits unreleased across both years (as it was expected to cover refurbishments of home 5 falling in the next financial year).
- 4.7 Including the two properties mentioned above (purchase and refit) the forecast capital spend on phase 1 is £4.216m including £115k contingency as refurbishment costs are currently estimated, meaning we need the remaining £436k of phase 1 budget that currently sits unreleased, and an additional £212k phase 2 capital budget currently allocated for next year to be released early.
- 4.8 This will not have an impact on the deliverability of phase 2, since we have identified there could be £1m surplus capital due to property costs for phase 2 larger properties coming in below the original estimate (suitable properties on the market for c.£800k, against our £1m budget per property).

	Total budget agreed £000s	Estimated Cost £000s	Total	Overspend/(Underspend) £000s
Property 1	642	663		21

Property 2	642	730	88
Property 3	642	914	272
Property 4	642	899	257
Property 5	1,436	895	(541)
Add. Contingency		115	115
<b>Total Phase 1</b>	<b>4,004</b>	<b>4,216</b>	<b>212</b>
Phase 2 *	7,180	6,960	(220)
<b>Total programme</b>	<b>11,184</b>	<b>11,176</b>	<b>(8)</b>

Table 1: summary of agreed budget and forecast costs

\*Phase 2 underspend estimated on property 6

### Legal implications

4.9 The proposals presented in this paper seek to reduce the Council's exposure to legal risk associated with unregistered provision through moving children currently in unregistered provision to our new in-house provision. Key legal risks around usage of unregistered provision include:

- 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.

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

4.10 The Director for Legal's nominee has read the report and notes the contents of the same. The recommendation raises no additional legal issues. The progress of the project is instrumental in reducing the Council's overall legal risk in relation to unregistered placements

## **4b Section 151 Officer comment**

4.11 Delivery of the Children’s Homes is integral to the delivery of the Medium-Term Financial Plan.

## **5. Corporate implications**

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

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

6.1 Consultation with local members has taken place, who were supportive of our proposals. We will continue to keep members updated through the planning process regarding any comments from local residents, and as we approach opening date regarding communications about the launch of the new home.

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

7.1 N/A

## **8. Next steps and review**

8.1 Next steps include completing purchase of two properties identified earlier in the paper, completing renovations, recruiting staff and opening (planned opening July and October 25, properties 3 and 4 respectively).

## **9. Background Papers**

9.1 ‘Provision for Looked After Children – a new approach’, Cabinet paper (January 24) [mgConvert2PDF.aspx \(modern.gov.co.uk\)](#)

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

10.1 If you have any questions about the matters contained in this report, please contact 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) by 5pm on 23 October 2024.