

Public Report with Exempt Appendices  
Cabinet

---

**Committee Name and Date of Committee Meeting**

Cabinet - 17 October 2022

**Report Title**

Operational Delivery of LAC Sufficiency Strategy - New Residential Provision  
Progress Report

**Is this a Key Decision and has it been included on the Forward Plan?**

Yes

**Strategic Director Approving Submission of the Report**

Suzanne Joyner, Strategic Director of Children and Young People's Services

**Report Author(s)**

Helen Sweaton Assistant Director Commissioning, Quality and Performance  
Monica Green Assistant Director Children Social Care  
William Shaw Head of Commissioning and Transformation Programmes

**Ward(s) Affected**

Borough-Wide

**Report Summary**

This report provides an update on the in-house children's residential development that was agreed at Cabinet on 17 February 2020. Previous progress updates have been reported to Cabinet in June 2020 and September 2021.

The children's residential development responds directly to Rotherham Children and Young People's Services (CYPS) strategic intention to reduce the number of external residential placements for our children and ensure more Rotherham looked after children (LAC) and young people are placed within Borough, close to their family and community networks.

The new provision, along with foster care, third party placements, semi-independent provisions, and other family-based placements, will provide a mixed economy of arrangements which will seek to effectively meet Rotherham's statutory duties, outlined in the Sufficiency Strategy 2019-2022

**Recommendations**

1. To approve the following changes to the children's residential development plan across phases one to three:

- a) Register one bed emergency accommodation children's home with flexible Statement of Purpose (SOP) to meet a variety of current and future sufficiency need.
- b) Change phase three from 2 x 4-bed homes to 4 x 2-bed homes to better meet current demand, improve occupancy rate and cost efficiency.

To agree to receive a further report regarding, a potential fourth phase of the children's residential development, which incorporates:

- c) A potential further 2 x 2-bed homes (Subject to Open Children's Homes DfE funding bid – Decision due Mid-October 22).
2. That the Assistant Director for Planning, Regeneration and Transport be authorised to negotiate the remaining acquisitions required and complete necessary transactions, in consultation with the Council's Section 151 Officer, Strategic Director Children's and Young Peoples Services, the Cabinet Member for Children and Young People's Services, and the Assistant Director of Legal Services.

### **List of Appendices Included**

Appendix 1 Part A - Initial Equality Screening Assessment  
Appendix 2 Carbon Impact Assessment

### **Exempt Appendix**

Appendix 3 Exempt - List of Homes and Addresses

### **Background Papers**

Looked After Children's (LAC) Sufficiency Strategy 2020-22  
Operational Delivery of LAC Sufficiency Strategy Cabinet Report 17<sup>th</sup> February 2020  
Operational Delivery of LAC Sufficiency Strategy - New Residential Provision Progress Report June 2020  
Operational Delivery of LAC Sufficiency Strategy - New Residential Provision Progress Report September 2021  
Pathways to Care: Extensions and Adaptations to Homes of Foster Carers, Special Guardians and Adopters – (revised policy 2021) Cabinet Report 16 August 2021

### **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

### **Council Approval Required**

No

### **Exempt from the Press and Public**

Yes - Appendix 3 is exempt. In accordance with the Local Government Act 1972 Schedule 12A para1 this information is exempt as it relates to individuals and could identify where our Looked After Children are living.

## **Operational Delivery of LAC Sufficiency Strategy - New Residential Provision Progress Report**

### **1. Background**

1.1 The Cabinet report dated 17 February 2020 outlined Rotherham Children and Young People's Services strategic intention to reduce external residential placements and ensure more Rotherham looked after children and young people are placed within the Borough, close to their family and community networks. Cabinet approved three phases of the development to deliver 16 residential beds and 2 emergency beds across 7 registered settings. Previous progress updates have been reported to Cabinet in June 2020 and September 2021.

#### **1.2 Phase One milestones agreed in the February 2020 Cabinet report were:**

- A 4-bed home and 1-bed emergency accommodation (5 beds in total) to be operational by Autumn 2020.

#### **Phase Two milestones agreed in the June 2020 Cabinet report were:**

- Two x 2-bed homes and 1-bed emergency accommodation (5 beds in total) to be operational in March 2021.

#### **Phase Three proposed milestones agreed in the September 2021 Cabinet report were:**

- Two further 4-bed homes (8 beds in total) to be operational between October 2022 and 2023/24.

1.3 In September 2021 Cabinet also agreed a further report be presented in 12 months or on the submission of the Ofsted registration for the homes in phase three (whichever is sooner).

1.4 This report contains the 12 monthly update on the new residential provision as part of the operational delivery of the LAC sufficiency strategy.

### **2. Key Issues**

#### **2.1 Progress overview**

The following has been achieved across the residential implementation programme:

#### **Accommodation**

- 3 new children's homes and 1 emergency home purchased or acquired.
- Children's homes adapted and fitted out to meet the specification informed by young people, Children's Social Care and Ofsted.
- Four home names chosen by children and young people – Pegasus, Beech Tree, Quarry House, and Phoenix.

## Workforce

- Residential Operations Manager recruited supporting capacity to drive implementation and maintain high standards.
- 4 managers and 44 staff recruited.
- 25 months recruitment campaign including digital marketing campaign and advertisement through specialist Trade magazines, Community Care and Young People Now.
- 30 assessment centres held to support recruitment.
- 12 weeks of induction training provided to staff covering evidence based therapeutic interventions and approaches including Therapeutic Crisis Intervention, Signs of Safety and Rotherham Family Approach.

## Registration and Regulation

- 3 homes successfully registered with Ofsted.
- 3 homes rated as Good by Ofsted, following inspection.

## Placements

- The residential homes can support up to 8 children and young people and are currently caring for 6.
- The 8 beds have been utilised by 9 children since the settings opened.
- 2 children and young people have been supported to 'step down' from residential care into foster care settings.

## 2.2 Phase One progress update

<b>Phase One Objectives</b> 4-bed home and 1-bed emergency accommodation (5 beds in total)		
<b>Target</b>	<b>Achieved</b>	<b>Next steps</b>
4 bed home Autumn 2020  <b>MET</b>	4 bed home, (Pegasus), registered with Ofsted in July 2020.  Full staff team recruited and operational in August 2020.  In September 2021 the Statement of Purpose (SOP) of the home and staff team successfully transferred to Quarry House (as per Cabinet report September 2021 section 2.2).  In October 2021 Pegasus re-opened and has since been staffed and utilised as a long-term 4-bed residential home.	Open Children's Homes (OCH) DfE funding providing additional therapeutic space. Work to be completed by 23 September 2022.  Matching of a third child is due to take place over the next three months. A fourth child will then be introduced.

	<p>Changed SOP to long term residential (as per Cabinet report September 2021 section 2.2).</p> <p>2 beds utilised over this period by 5 children and young people.</p> <p>Ofsted inspection rated Good.</p> <p>Successful OCH DfE match funding bid was approved in November 2021 to provide an additional therapeutic space.</p>	
<p>1-bed emergency accommodation</p> <p>Autumn 2020</p> <p>Revised target Jan 2022</p> <p><b>BEHIND SCHEDULE</b></p>	<p>Implementation of 1-bed (Phoenix) delayed due to Ofsted registration challenges (as per Cabinet report September 2021 section 2.2).</p> <p>We have worked with Ofsted to overcome these challenges, and registration has now been submitted as a multi-site attached to Quarry House. This is the route recommended by Ofsted to register multiple settings under one leadership and management structure.</p> <p>This is not a change to the delivery model.</p>	<p>Registration submitted. Planned to be operational in Oct 22</p>

### 2.3 Phase one learning

The Cabinet report 'Operational Delivery of LAC Sufficiency Strategy - New Residential Provision Progress Report June 2020' and 'Operational Delivery of LAC Sufficiency Strategy - New Residential Provision Progress Report September 2021' outlines the learning in phase one. This continues to influence current and future delivery.

## 2.4 Phase Two progress update

<b>Phase Two Objectives</b> Phase Two 2 x 2-bed homes and 1-bed emergency accommodation (5 beds in total)		
<b>Target</b>	<b>Achieved</b>	<b>Next steps</b>
2-bed home March 2021  <b>MET</b>	2-bed home (Beech Tree) was registered with Ofsted March 2021.  A full staff team has been recruited and became operational in April 2021.  First child placed moved on, two children now in home.  Ofsted inspection rated Good.	Complete
2-bed home March 2021  <b>COMPLETE</b>	The 2-bed home (Quarry House) was registered with Ofsted September 2021.  Step down SOP transferred from Pegasus house (as per Cabinet report September 2021 section 2.2).  Staff team operational from September 2021.  2 child residents from October 2021(as per Cabinet report September 2021 section 2.4).  Ofsted inspection rated Good.  Registration of 1-bed (Phoenix) as a multi-site attached to this home has been submitted to Ofsted. This is the Ofsted recommended route to register multiple settings under one leadership and management structure.  This is not a change to the delivery model.	Complete
1- bed emergency accommodation	As agreed in September 2021 Cabinet report alternative HRA property or Council assets have continued to be explored.	This target has been re-profiled to Quarter four 2022/23.

<p>Autumn 2020 Revised target Operational Quarter 2, 2022/23</p> <p><b>BEHIND SCHEDULE</b></p>	<p>A suitable property has now been secured.</p>	
--	--	--

## 2.5 Phase Two learning

The Cabinet report 'Operational Delivery of LAC Sufficiency Strategy - New Residential Provision Progress Report September 2021' outlines learning in phase two. This continues to influence current and future delivery.

## 2.6 Phase Three progress update

Work to complete phase two is taking place concurrently to implementing phase three.

2.7 Phase three objectives and requirements outlined in previous Cabinet papers involved the acquisition, registration, and operationalisation of 2 x 4 bed residential homes to provide an additional 8 beds for Rotherham children and young people.

2.8 Work began on phase three in September 2021 (as per Cabinet report recommendations September 2021).

2.9 Recruitment of the Residential Operations Manager and learning from phase one and two has positively influenced recruitment. Rotherham Council has developed a good reputation among residential workers and has successfully recruited and retained experienced and good quality staff to support and care for our children and young people. Recruitment continues to require significant capacity to attract, appoint, induct, and train our residential workforce.

2.10 Ofsted stipulate that a child should be 'matched' to any potential home. The best matches happen when a child's individual needs, as well as the skills and experience of carers and the other children in the home, are properly understood and align. Referral and matching of children and young people into multi-occupancy homes, particular large homes (4 bed) is complex, and needs to be managed carefully. This can result in the temporary underutilisation of the larger homes.

2.11 For a small number of children with specific high risk and vulnerability or need, larger group living is not appropriate. The availability of smaller or single placement group homes is limited, ultimately impacting on the unit cost.

2.12 In addition to referral and matching, having the appropriate space and configuration of the environment in the larger homes is critical to successful utilisation. Sourcing and agreeing properties that meet the specifications agreed by children social care for 4-bed homes has been difficult. Taking the requirements from Ofsted, availability of suitable 4-bed properties and the learning from previous phases on matching children

it is proposed that the phase three objectives are revised to the purchase of 4 x 2-bed homes.

<b>Phase Three Objectives</b>		
Phase Three 2 x 4-bed homes (8 beds in total) (as per Cabinet report September 2021 section 2.6).		
<b>Target</b>	<b>Original Proposal</b>	<b>Next steps</b>
4-bed Children's home  Oct 2022  <b>BEHIND SCHEDULE</b>	Implementation plan with timescales developed (as per Cabinet report September 2021 section 2.6).  A number of property purchases have fallen through due to challenges in the market, timescales to reach internal agreement and vendor anxiety to sell to Council.	Propose 2 x 2-bed home would better meet need and outcomes for children and young people with complex need, challenging behaviour and hard to place.  <b>Revised financial implications for 2 x 2-bed homes is detailed in section 6.</b>
4-bed Children's home  2023/24	A property that delivers 4 beds for children to be purchased across the Borough utilising the agreed capital available. Property will be acquired to meet the specification agreed by children and young people, and the service, incorporating Ofsted requirements.  It is proposed that the home will focus on complex need, challenging behaviour and hard to place children and young people.	Propose 2 x 2-bed homes would better meet need and outcomes for children and young people with complex need, challenging behaviour and hard to place.  <b>Revised financial implications for 2 x 2-bed homes is detailed in section 6.</b>

#### **Revised phase three objectives with timeline.**

4 x 2-bed homes (8 beds in total)

<b>Target</b>	<b>Achieved</b>	<b>Next steps</b>
2-bed Children's home  Quarter 1 2023/24		Identify property.  Acquire/ purchase.  Condition and adaptation work on building.  Register with Ofsted.  Recruit, induct and mobilise staff team.



2-bed Children's home Quarter 2 2023/24	.	Identify property.  Acquire/ purchase. Condition and adaptation works on building.  Register with Ofsted.  Recruit, induct and mobilise staff team.
2-bed Children's home  Quarter 2 2023/24		Identify property.  Acquire/ purchase.  Condition and adaptation work on building.  Register with Ofsted.  Recruit, induct and mobilise staff team.
2-bed Children's home  Quarter 4 2023/24		Identify property  Acquire/ purchase.  Condition and adaptation work on building.  Register with Ofsted.  Recruit, induct and mobilise staff team .

### 2.13 Phase Four

Previous Cabinet papers identified objectives and requirements for the development of 16 beds in total to enable local, good quality homes for Rotherham children.

2.14 The Independent Review of Children's Social Care by Josh MacAlister in May 2022 highlighted significant pressures and challenges in the local and national sufficiency caused by an over saturated market, increased costs and increasing complexity of need, continuing to create an over-reliance on the external market at a high cost. The development of the OCH DfE Capital Fund is supporting Local Authorities to increase in-house provision.

2.15 Despite the existing plans for the development of 16 residential beds, the Council continues to be over-reliant on the external market at a high cost, both financially and to Rotherham's children who have to live away from Rotherham.

- 2.16 The OCH DfE Capital bid process provides an opportunity to secure 50% contribution to the capital cost to expand and develop additionality to the residential programme. The bid will propose an additional 4 beds across 2 x 2-bed homes.
- 2.17 DfE will announce successful applicants mid-October. The new proposal (which will increase the number of places to 20) would still generate budget savings of £926k as per the original proposal but will have an improved likelihood of success due to the matching and associated occupancy issues that were present with the currently approved four bed properties.

<b>Phase Four Objectives (Subject to approval)</b> Phase Four 2 x 2-bed homes (4 beds in total)		
<b>Target</b>	<b>Achieved</b>	<b>Next steps</b>
2-bed Children's home  Quarter 1 2024/25		Identify property.  Acquire/ purchase.  Condition and adaptation works on building.  Register with Ofsted.  Recruit, induct and mobilise staff team.
2-bed Children's home  Quarter 3 2024/25		Identify property.  Acquire/ purchase.  Condition and adaptation works on building.  Register with Ofsted.  Recruit, induct and mobilise staff team.

## Learning

### 2.18 Market Management

- Nationally the number of looked after children has risen, since the pandemic. Demand for beds in privately run children's homes has increased. Recruitment and retention challenges in the care sector have impacted some private providers. This has created unprecedented market conditions and reduced the ability of commissioners to manage the market, resulting in more providers giving 'emergency' notice to end children's placements, fewer placements being available and higher costs

- There are significant pressures and challenges in the local and national sufficiency caused by an oversaturated market, rising costs and increasing complexity of need from looked after children. This has been highlighted in the recent Independent Review of Children’s Social Care by Josh MacAlister in May 2022
- Locally, there is a need for residential children’s homes, but it is becoming increasingly difficult to place with external providers due to the referral and matching challenges, a lack of provision and high costs
- Regionally, Local Authorities are implementing a move to 2 placement homes
- Increasingly, external providers are giving immediate or short-term notice, presenting a lack of opportunity to identify appropriate accommodation for our looked after children to transition to. Rotherham’s internal placement capacity is growing as the residential offer develops, however emergency bridging placements have also been required. There is a cohort of children and young people requiring short term residential care, following an emergency breakdown at home. Whilst individual children stay within this emergency provision for a short term (usually less than 28 days) some children have stayed longer.

#### **2.19 Workforce**

- Recruitment to practitioner and manager posts is positive in a competitive market. Recruitment to a large and flexible casual pool of practitioners with the flexibility to meet staffing gaps and pressures, is a challenge.

#### **2.20 Children and Young People**

- Referral and matching of children and young people into multi-occupancy homes, particular large homes (4 bed), is complex, and needs to be managed carefully. This can result in the temporary under-utilisation of the larger homes.

#### **2.21 Children’s residential homes development**

- Current and future profiling of sufficiency would suggest the need for more flexibility in the use of emergency accommodation and additional beds available locally. Varying our statement of purpose for the emergency accommodation would enable more flexibility to meet current and future sufficiency needs.
- Registration of the emergency accommodation with Ofsted was initially problematic as they requested a permanent staff team rather than the use of casual staff as planned, and increased management oversight. Registration of the emergency accommodation as a multi-site, linked to another children’s home, supports our plan to have one registered manager overseeing multiple homes and links some permanent staff to the emergency accommodation. It is planned that when the emergency accommodation is in operation, the permanent and casual staff would work across both sites. This is the Ofsted recommended route to register multiple settings under one leadership and management structure.

- In addition to referral and matching, having the appropriate space and configuration of the environment in the larger homes is critical to successful utilisation. The Dinnington extension (secured through OCH DfE funding) will provide additional therapeutic space, making the environment more conducive.
- Sourcing and agreeing properties that meet the specification agreed by children social care, has been difficult. The completion of the due diligence necessary for briefing and seeking approval has created delays in submitting offers to a fast-moving property market. Clarity over the delegated authority to negotiate the property acquisitions would minimise any delays to implementation timescales.
- External market pressures, incorporating the rise in house prices, material, and contractor costs places pressure on our ability to deliver within the original Capital budget agreed in February 2020.
- Pathways to Care provides funding to Local Authority foster carers and adopters to extend their home, or to part fund new home purchases, where it is necessary to do so to meet the needs of looked after children. The Pathways to Care Policy provides a pathway to increase the physical capacity, through accommodation, of a carer to care for a looked after child or to enable a child to be permanently discharged from care. There is capital funding agreed to support the Pathways to Care Policy. The Policy was most recently reviewed and extended by Cabinet in August 2021.
- The Pathway to Care capital budget has been underspent during previous years as the programme has taken time to embed, creating a surplus of funding. Whilst reducing the surplus would reduce the Council's ability to carry out as many foster carer adaptations, it would provide a better use of this resource to support the residential development. Therefore, this is a potential option to use this surplus to support potential cost pressures on phase 3 and the potential phase 4.
- The OCH DfE Capital bid process provides an opportunity to expand and develop additionality to the residential programme. If approved, our bid will propose an additional 4 beds across 2 x 2-bed homes.

### **3. Options considered and recommended proposal**

#### **Option 1**

3.1 To approve the following changes to the children's residential development plan across phases one to three:

- a) Register one bed emergency accommodation children's home with flexible Statement of Purpose to meet a variety of current and future sufficiency need.

Increased demand for 'emergency accommodation' due to market management issues and changing needs of teenagers suggest a need for flexibility to ensure

our emergency accommodation meets current and future need. A flexible statement of purpose will ensure we have Ofsted endorsement.

- b) Change phase three from 2 x 4-bed homes to 4 x 2-bed homes

Taking the requirements from Ofsted, availability of suitable 4-bed properties and the learning from previous phases on matching children it is proposed that the phase three objectives are revised to the purchase of four x 2-bed homes.

- 3.2 To agree to receive a further report regarding, a potential fourth phase of the children's residential development, which incorporates:

- c) A potential further 2 x 2-bed homes (Subject to OCH DfE funding bid – Decision due Mid-October 22)

There are significant pressures and challenges in the local and national sufficiency caused by an oversaturated market, rising costs and increasing complexity of need of looked after children. This has been highlighted in the recent Independent Review of Children's Social Care by Josh MacAlister in May 2022.

Locally, there is a need for residential children's homes, as it is becoming increasingly difficult to place with external providers due to the referral and matching challenges, a lack of provision and high costs.

The submission of a funding bid presents the opportunity to secure 50% contribution to the Capital cost.

### 3.3 **Option 2**

Progress Phases One to Three in line with the original Cabinet approval in February 2020.

- 3.4 This option does not respond to the requirements from Ofsted, availability of suitable 4-bed properties and the learning from previous phases on matching children.
- 3.5 This option does not consider the increased demand for 'emergency accommodation' due to market management issues and changing needs of teenagers which suggests a need for flexibility to ensure our emergency accommodation meets current and future need.
- 3.6 This option does not reflect the recent Independent Review of Children's Social Care by Josh MacAlister in May 2022 highlighting current and future pressures and challenges in the local and national sufficiency caused by an oversaturated market, rising costs, and increasing complexity of need of looked after children.
- 3.7 This option does not support maximising funding opportunities through the submission of a funding bid to secure 50% contribution to the capital cost of further development.
- 3.8 Option 1 is the recommended option.

#### **4. Consultation on Proposal**

- 4.1 Engagement has taken place throughout implementation with the Lead Member for Children and Young People, CYPS Commissioning, Procurement, Housing, Regeneration & Environment, Adult Services, Fostering and LAC and consultation with children and young people.
- 4.2 A plan is in place, with guidance from Voice, Influence and Participation Lead, for the consultation and engagement of looked after children in the development and implementation of the proposal.
- 4.3 It is recognised that it is critically important that looked after children are effectively engaged and can inform and influence both the plans and implementation.
- 4.4 A communication plan is in place, which covers all key stakeholders including members of the public.

#### **5. Timetable and Accountability for Implementing this Decision**

- 5.1 A project group with task and finish workstreams, with representation from Asset Management, Housing, HR, Commissioning, LAC, Therapeutic Service, Finance, Communications and Performance drives the development and implementation.
- 5.2 Implementation progress, risks and actions are reported into the CYPS Transformation Board, via a LAC Programme Highlight report.
- 5.3 Additional challenge and oversight is provided to the implementation programme via regular reporting into Overview and Scrutiny Committee (as per Cabinet report September 2021 section 5.1).

#### **6. Financial and Procurement Advice and Implications**

##### **REVENUE - Current Position Phases One to Three**

- 6.1 The original budget (approved at Cabinet February 2020) for the delivery of the 16 in-house residential placements and 2 emergency placements was £3.2m, although the delivery of the programme was to be phased across 2020/21 to 2022/23. The delivery of these new homes would generate an estimated £0.8m p.a. of budget savings or £0.9m p.a. of total budget savings and cost avoidance.
- 6.2 Cabinet in September 2021 received an update on the programme including revised cost projections. This increased the required revenue budget for the in-house provision to £3.4m, with budget savings increasing to £0.9m p.a. or total savings and cost avoidance of £1m p.a. The increase in the Council's revenue costs and additional savings were both linked to inflationary impacts, the Council's cost rising due to inflation and market provider costs rising meaning greater savings were estimated. However, at this point the planned delivery of these savings and cost reductions were pushed back, with £365k savings not being delivered until 2023/24.
- 6.3 Phase three of the current plan was to deliver the final two 4-bed homes, bringing the total number of in-house residential placements to 16, these are in the current budget plan for 2023/24 at £693k p.a. per home to run. Due to issues with matching of children

and complexity of need and the success of the 2-bed properties in delivering the projected savings targets, options have been put forward to change the phase 3 proposal from 2 x 4-bed to 4 x 2-bed homes.

- 6.4 Based on these revised proposals the current position for phases one to three is that the revenue costs for these placements are now estimated to be £3.5m p.a. due to further inflationary pressures and will generate £0.8m p.a. budget savings. One of the reasons for the Council's inflated unit cost is the current number of solo placements (8) that CYPS are funding. The reason for solo placement is a mix of the lack of standard residential placements and the complexity of care. The current average unit cost of solo placements is £9,235 per week.
- 6.5 Based on current progress, the 2 bed properties have been a success, with those completed being fully occupied and delivering the projected savings. However, the 4 bed properties present a challenge, Due to under occupancy, since its opening the completed unit has been under the estimated 85% occupancy level, meaning that the projected savings aren't being delivered on this property type.
- 6.6 The impact of the challenges faced to date and the proposed change of the 2 x 4-bed properties becoming 4 x 2-bed properties is that the delivery of projected budget savings is delayed. The original February 2020 Cabinet report project that the £0.8m p.a. budget savings would be fully delivered by the end of 2022/23, however, based on the revised proposal, the projected savings will be full delivered by 2024/25. Whilst this is a delay, the revised plan is more achievable and is based on lessons learnt since the original Cabinet report.

#### **Revenue Implications – New Proposals – Phases One to Three including potential phase Four**

- 6.7 Through lessons learned from opening the 4-bed home and the current lack of provision on the external market for residential placements, a new phase four is proposed, that would deliver a further 2 x 2-bed properties, building on the success of the currently completed and active 2 bed properties.
- 6.8 Including this new potential phase 4, the total annual cost of 20 in-house residential and 2 emergency placements would be £4.3m p.a. requiring a budget redirection of £0.8m p.a. to provide for the extra phase four properties noting that the annual cost of 2 beds is more than the annual cost of 4 beds. This additional budget would be funded through re-direction from the external residential placements budget as a consequence of supporting 4 fewer external residential placements.
- 6.9 With the additional Phase 4 (a total of 20 placements) this would still generate budget savings of £0.9m p.a. as per the original proposal but will be more realistic to achieve due to matching and associated occupancy issues that were present with the current approved 4 bed properties.
- 6.10 The £0.9m p.a. budget saving is set against the £5,200 per week external residential budgeted unit cost and is factored into future budget savings. Additional cost avoidance would be achieved if current unit costs continue to rise above the budget value. The current average unit cost for external residential is £5,970 and the cost savings against this rate would be £1.5m p.a., an additional £0.6m p.a. of cost avoidance.

- 6.11 The revised proposal generates the same overall level of budget savings as the September 2021 Cabinet report; however, the complete delivery of these budget savings has been pushed back, with £76k of the final budget savings not being realised until 2025/26. This £76k would fall outside the savings plan approved within the Council's Medium Term Financial Planning.
- 6.12 Under the new proposal 6 x 2-bed homes would be developed. To allow for recruitment of sufficient staff 1 month prior to placement of a child, for induction and training, start-up costs are factored into budgeting. Start-up costs of £216k for the 6 x 2-bed properties (£18k per bed) would be required compared to £52k (£13k per bed) per 4-bed properties (as per Cabinet report September 2021 section 2.6).

### **CAPITAL - 2022/23 Current Capital Position – Phases One – Three**

- 6.13 The original approved Capital allocation was £2m to deliver 5 residential and 2 emergency homes as part of phases one to three. After a successful bid to the DfE, an additional £46k was awarded as 50% match funding for an extension at Pegasus aimed at gaining capacity to place in the 4 bed. This brought the current capital allocation to up £2.046m with 4 homes operationally ready.
- 6.14 Set out below is the current budget and projections against the original plan:

Home	Capacity	Capital Allocation	Spend to Date	Additional Commitment	Balance
		£k	£k	£k	£k
Phase 1					
Pegasus	4 Bed	158	64	94	0
Phoenix Place	Emergency	19	19		0
<b>Sub-Total Phase 1</b>		<b>177</b>	<b>83</b>	<b>94</b>	<b>0</b>
Phase 2					
Beech Tree Lodge	2 bed	346	346		0
Quarry House	2 bed	361	361		0
Middle Lane		47	17	30	0
Emergency Home 2	Emergency	69		69	0
	ICT phase 1 & 2	20		20	0
<b>Sub-Total Phase 2</b>		<b>843</b>	<b>724</b>	<b>119</b>	<b>0</b>
Phase 3					
New - External purchase	4 Bed	654	0	654	0
New - External purchase	4 Bed	372	0	654	-282
<b>Sub-Total Phase 3</b>		<b>1026</b>	<b>0</b>	<b>1308</b>	<b>-282</b>
<b>Total Capital Allocation</b>		<b>2046</b>	<b>807</b>	<b>1521</b>	<b>-282</b>

- 6.15 Currently, the approved capital programme assumes the purchase of 2 x 4-bed homes in phase three, with a budget of £1.026m. The estimated cost to make the homes fit for purpose is £654k each. This places the programme forecast expenditure above the original budget allocation by £282k. This is due to increasing local market conditions related to the purchasing and adapting of properties to the standard required by Ofsted.
- 6.16 As such, if the Council was to continue with this option additional funding would need to be identified in order to complete the 4 bed properties. However, the revised proposal



put forward is to purchase 4 x 2-bed homes instead of the 2 x 4-bed properties, per the new proposals set out below.

## **Revised Capital Proposal**

### **Phases One - Three**

- 6.17 Under the new proposals the Phase Three, 4 bed homes are to be changed to 4 x 2-bed homes. This is to aid with matching of children to reduce the number of void placements. The move to 2 bed homes is also a trend being implemented by regional Local Authorities, for this same reason.
- 6.18 The proposed capital cost for 4 x 2-bed homes is £2.228m an additional capital cost of £920k when compared to the £1.308m required to open 2 x 4-bed homes. This cost is also £1.202m greater than the remaining capital budget of £1.026m available for phase three. However, given uncertainty in the housing markets at present it is planned that the remaining capital budget of £1.026m will be used to make progress with the acquisition of 4 x 2-bed homes, allowing the Council to gain greater clarity on the extra budget requirement before seeking additional external funding or Council resources. Any requirement for additional Council capital resources would need to be considered as part of the Council's Budget and Council Tax Report 2023/24 and linked capital programme updated.

### **Phase Four**

- 6.19 The final proposal under Phase Four is for a further 2 x 2-bed homes. A bid against the OCH DfE Children's Home programme for 50% match funding of the proposed 2 x 2-bed homes has been submitted. If the Council's bid is successful, a further request will be brought to Cabinet to seek approval for the Council to match fund the bid. The additional capital cost of this proposal would be £1.114m with £557k funded by the DfE subject to a successful capital bid and £557k additional capital from Council funds.

### **Summary Phases Three and Four**

- 6.20 The additional £1.759m capital funding potentially required by RMBC is broken down as follows:
- £282k cost pressures due to current market prices (per original programme)
  - £920k to change proposal from 2 x 4-bed homes to 4 x 2-bed homes
  - £557k to create phase four, 2 x 4-bed homes
- 6.21 The total additional Council capital spend for phases three and four is therefore £2.316m (including the £557k potential DfE bid).
- 6.22 As stated in the body of the report, the Pathway to Care capital budget has been underspent during previous years as the programme has taken time to embed, creating a surplus of funding. At present the expectation is that the additional Council contribution will be taken from the Pathway to Care capital budget rather than seeking an increased Council contribution to the CYPS capital programme.

## **7. Legal Advice and Implications**

- 7.1 Sections 22A to 22D of the Children Act 1989 make provision for the accommodation and maintenance of a looked after child. They provide the framework within which decisions about the most appropriate way to accommodate and maintain the child must be considered. The duties and powers of local authorities to provide accommodation under sections 20 and 21 of the 1989 Act are not affected by these provisions.
- 7.2 Where accommodation is provided and there is an element of care being given, the provision must be registered and therefore regulated by Ofsted; this is irrespective of the length of the provision provided.
- 7.3 Section 63 of the Children Act 1989 states that 'no child shall be cared for and provided with accommodation in unregistered children's homes.' Where an unregistered children's care home provides care and accommodation to a child who need care , the person running the home commits an offence. It will be necessary for any provision to be registered.
- 7.4 For clarity, there is provision in law to place a child in an unregulated placement; this is usually where a child (aged over 16) needs support to live independently rather than needing full time care.
- 7.5 To reduce the risks of any legal challenge, the Council needs to ensure that it fully complies with all relevant legislation and properly consults in relation to any proposals set out in this report.

## **8. Human Resources Advice and Implications**

- 8.1 In terms of recruitment to the roles it is advised that the open recruitment campaign to be reviewed on a regular basis.

## **9. Implications for Children and Young People and Vulnerable Adults**

- 9.1 Implications to vulnerable children and young people are covered within the report.

## **10. Equalities and Human Rights Advice and Implications**

- 10.1 Equality Impact Assessment was completed and updated as part of the implementation.

## **11. Implications for CO2 Emissions and Climate Change**

- 11.1 Carbon impact assessment has been completed.
- 11.2 All children's home will have electric cars to support the transport of children and young people placed at the home.

## 12. Implications for Partners

12.1 Education, Police and Health partners have been significantly involved in the implementation process and will continue to contribute to the effective delivery of the programme.

## 13. Risks and Mitigation

13.1 This report relates to two key corporate risks for the Council – the risk of safeguarding failure and the risk of inspection failure in Children’s Services.

13.2 The proposal will help improve support for some of our most vulnerable young children and young people in the borough. In addition, this work should reduce the risk of inspection failure in children’s homes and help to improve the overall rating for services for looked after children.

13.3 Key operational risks include the risk of not be able to recruit the required qualified and experienced staff, timeliness of Ofsted registration and ability to identify and acquire properties that meet the specifications. All these risks, if realised could cause delay to the overall implementation timescales.

## 14. Accountable Officers

Helen Sweaton, Assistant Director Commissioning, Quality and Performance  
Monica Green, Assistant Director Children’s Social Care  
William Shaw Head of Commissioning & Transformation Programmes

Approvals obtained on behalf of Statutory Officers: -

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp	03/10/2022
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	29/09/2022
Assistant Director, Legal Services (Monitoring Officer)	Phil Horsfield	29/09/2022

*Report Authors:*

*Helen Sweaton, Assistant Director, Commissioning, Performance and Quality*  
[Helen.sweaton@rotherham.gov.uk](mailto:Helen.sweaton@rotherham.gov.uk)

*Monica Green, Assistant Director, Children’s Social Care*  
[Monica.green@rotherham.gov.uk](mailto:Monica.green@rotherham.gov.uk)

This report is published on the Council's [website](#).