

Committee Name and Date of Committee Meeting

Cabinet – 18 November 2024

Report Title

Looked After Children (LAC) Sufficiency Update (including the residential development progress update).

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

Yes

Strategic Director Approving Submission of the Report

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Ward(s) Affected.

Borough-Wide

Report Summary

The Looked After Children and Care Leavers Sufficiency Strategy 2023-2028 was approved by Cabinet in October 2022. The Strategy was developed in line with the duty to provide or procure placements for Looked After Children (LAC) by the Local Authority.

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, September 2021, and October 2022.

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 children and ensure more Rotherham Children in Care (CiC) 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, aims to provide a mixed economy of arrangements which will seek to effectively meet Rotherham's statutory duties, outlined in the Sufficiency Strategy.

In January 2023, a new judgement for Care Leavers was introduced to the Ofsted Inspecting Local Authority Services for Children (ILACS) inspection framework. In March 2023, the Government introduced new national standards for the registration, regulation, and

inspection of supported accommodation for Looked After Children aged 16 and 17 years, to be overseen by Ofsted.

A Local Government Association (LGA) Peer Review took place between 12 to 15 March 2024, at the request of the Council. The Peer Review identified *“Services are making a real difference to the lived experience of care leavers, however, the range of accommodation services needed for Care Leavers in Borough is insufficient.”*

The Peer Review recommended the Looked After Children and Care Leavers Sufficiency Strategy 2023 – 2028 be updated to better reflect the needs of Care Leavers in the context of the regulatory changes.

This report includes a proposed addendum to the Looked After Children and Care Leavers Sufficiency Strategy 2023-2028 which summarises the needs of Care Leavers. The report also includes an update to the LAC Sufficiency Strategy delivery plan to better reflect the needs of Care Leavers.

Recommendations

That Cabinet:

1. Note the progress made to deliver the in-house children’s residential development, the positive impact for Children in Care and financial efficiencies that will be achieved.
2. Approve the Care Leavers addendum to the Looked After Children and Care Leavers Sufficiency Strategy 2023 – 2028.
3. Agree that the LAC and Care Leavers Sufficiency Strategy Delivery Plan be updated to increase the appropriateness and number of available accommodation options for Care Leavers as per the Care Leaver addendum to the LAC sufficiency strategy (see 2 above).
4. Note that on 16 October 2023 authority was delegated to the Assistant Director of Housing Services, in consultation with the Cabinet Member for Housing, to acquire up to 100 properties in line with the Housing Acquisitions Policy, which includes scope to acquire properties to meet the accommodation needs of Children and Young Peoples Services.
5. Authorise the Councils Designated Property Officer, or relevant Strategic Director in their absence, to negotiate any additional accommodation 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 Care Leavers Addendum to LAC Sufficiency Strategy 2023 – 2028
- Appendix 2 Looked After Children and Care Leavers Sufficiency Strategy Delivery Plan (Updated 2024)
- Appendix 3 Part A Initial Equality Screening Assessment
- Appendix 4 Carbon Impact Assessment

Background Papers

Looked After Children and Care leaver's Sufficiency Strategy 2023-2028

Operational Delivery of LAC Sufficiency Strategy Cabinet Report 17th 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

Operational Delivery of LAC Sufficiency Strategy - New Residential Provision Progress Report October 2022

Housing Acquisitions Policy. Cabinet Report – 16 October 2023

Review of the Housing Allocation Policy. Cabinet Report – 10 June 2024

Housing Delivery Programme Report – 2024/25. Cabinet Report – 22 January 2024

[Ofsted Report - How local authorities plan for sufficiency: children in care and care leavers](#)

[Ofsted Report- How local authorities and children's homes can achieve stability and permanence for children with complex needs](#)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Looked After Children (LAC) Sufficiency Update (including the residential development progress update)

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. Progress updates have been reported to Cabinet in June 2020, September 2021, and October 2022.

1.2 Overall Cabinet have approved four phases of the development to deliver 20 residential beds and 2 emergency beds across 11 registered settings.

1.3 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.

Changes to the Phase Three proposed milestones agreed in the October 2022 Cabinet report were:

- Change phase three from 2 x 4-bed homes (8 beds in total) to 4 x 2-bed homes (8 beds in total) to better meet current demand, improve occupancy rate and cost efficiency.

Phase Four proposed milestones agreed in the October 2022 Cabinet report were:

- Two further 2-bed homes (Partially funded by the Department for Education (DfE) Children's Home Capital Programme to be operational by 2024/2025.

1.4 On 17 October 2022, Cabinet approved the Looked After Children and Care Leavers Sufficiency Strategy 2023 – 2028. The Strategy was developed in line with the duty to provide and/or procure placements for Children Looked After by the Local Authority. The legislation and guidance include Children Act 1989, Sufficiency Statutory Guidance 2010, Care Planning, Placement and Case Review Regulations 2011. The duty of 'sufficiency' requires Local Authorities and Children's Trust partners to ensure that there is a range of sufficient and appropriate placements which meet the needs of children and young people in care. There is also a responsibility to take steps to develop and shape service provision to meet the needs of all children and young people in care at a local level, as far as is reasonably possible.

- 1.5 The Strategy set out how Rotherham Children and Young People's Services will fulfil its role as a Corporate Parent and meet its statutory sufficiency duty by providing good quality care, effective parenting and support to children and young people in care and leaving care. It describes the principles that are applied when seeking to commission the provision of secure, safe, and appropriate accommodation and support, to Children in Care and Care Leavers over the next five years.
- 1.6 The Strategy provided the underpinning needs analysis that has informed market management, seeking to ensure that there is the right mix of provision available to meet the needs of children and young people and that this provision mix provides positive outcomes and value for money.
- 1.7 Whilst this Strategy is not primarily a financial one, it is expected that the commissioning intentions are essential to the sustainability of improved outcomes and the Council Budget. This report contains an update and impact analysis on the new residential provision as part of the operational delivery of the LAC Sufficiency Strategy.
- 1.8 In January 2023, a new judgement for Care Leavers was introduced to the Ofsted ILACS inspection framework. An LGA Peer Review, took place between 12 to 15 March 2024. The Peer Review identified Services are making a real difference to the lived experience of Care Leavers, however the range of accommodation services needed for Care Leavers in Borough is insufficient.
- 1.9 In March 2023, the Government introduced new national standards for the registration, regulation, and inspection of supported accommodation for Looked After Children aged 16 and 17 years, to be overseen by Ofsted.

The new standards are based on four key areas:

- Leadership and Management (Regulation 4)
- Child Protection (Regulation 5)
- Accommodation (Regulation 6)
- Support (Regulation 7)

- 1.10 Supported accommodation providers for 16- and 17-year-olds in care and Care Leavers were required to become Ofsted registered, regulated, and inspected from 28th October 2023.

2. Key Issues

2.1 Progress overview

The four phases of the programme aimed to deliver 20 residential beds and 2 emergency beds across 11 registered settings. So far, the programme has delivered 10 residential beds and 1 emergency bed across 6 registered settings. This includes 1 x 4 bed provision, 3 x 2 bed homes and 1 x 1 bed emergency provision. There is a current total in house capacity of 11 beds.

2.2 Progress Update

Phase One progress update

Objectives: 1 x 4-bed home and 1-bed emergency accommodation (5 beds in total).

Target	Achieved	Next Steps
4-bed home Autumn 2020. Met	Pegasus Three children now living in the home.	Complete.
1-bed emergency accommodation Complete	Phoenix	Complete.

Phase Two progress update

Objectives: 2 x 2-bed home and 1-bed emergency accommodation (5 beds in total)

Target	Achieved	Next Steps
2 bed home March 2021 Met	Beech Tree Registered with Ofsted March 2021. Two children now living in the home.	Complete.
2 bed home March 2021 Complete	Quarry House Registered with Ofsted September 2021. Step down Statement of Purpose transferred from Pegasus house (as per Cabinet report September 2021 section 2.2). Two children now living in the home.	Complete.
1 bed emergency accommodation Autumn 2020 Revised target Operational Quarter 2, 2022/23 Re-profile Quarter 1 25/26 BEHIND SCHEDULE	Name TBC – Property 1 Planning Permission achieved. Programme of works to prepare for Ofsted registration underway. Property is being used pre-registration.	Finalise programme of works. Deliver modifications. Register with Ofsted.

Phase Three progress update

Objectives: 4 x 2 bed homes

Target	Achieved	Next Steps
2 bed home Reprofiled to Quarter 1 23/24 Complete	Dragonfly. Registered with Ofsted July 2024. Two children now living in the home.	Complete.
2 bed home Quarter 2 23/24 Re-profiled to Quarter 3 24/25 BEHIND SCHEDULE	Name TBC – Property 2 Planning Permission achieved.	Property Purchased. Finalise programme of works. Deliver modifications. Register with Ofsted. Recruit staffing.
2 bed home Quarter 2 23/24 Re-profiled to Quarter 3 24/25 BEHIND SCHEDULE	Name TBC – Property 3 Planning Permission achieved. Property purchase delayed due to legal issue, now resolved.	Finalise programme of works. Deliver modifications. Recruit staff. Register with Ofsted.
2 bed home Quarter 4 24/25 BEHIND SCHEDULE	Property not yet identified.	Property Searches ongoing

Phase Four progress update

Target	Achieved	Next Steps
2 bed home May 2024 Complete.	Peacock Ofsted registration submitted. Manager and Staff team recruited. 2 Children matched.	Complete – Awaiting registration.

2 bed home Quarter 4 24/25	New build of purpose-built children's home approved. Programme of works agreed. Contractors in place and on site.	Complete works – due February 2025. Recruit staff. Register with Ofsted.
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2.3 Progress

Accommodation

2.3.1 As discussed above, there is a current total in house capacity of 11 beds.

2.4 A further home, Peacock Lodge, is currently awaiting registration with the property complete and fitted out following purchase in Q3 23/24. Property 3 was purchased in August 2024 and is awaiting a programme of refurbishment ahead of submitting registration.

2.5 Approval was received for a new build children's home which is currently being built on previously vacant land. Property 1 is identified as the final emergency one bed provision with planning permission in place and a programme of capital works currently being developed.

2.6 Property searches are underway to identify the final property for phase 3, a more detailed breakdown on existing homes and those in the implementation phases is covered within the body of the report.

2.7 The identification of homes has been a challenge throughout all phases of the in-house residential programme. This is due to homes needing to satisfy both service requirements, be acceptable to Ofsted and granting of planning permission for the change of use of the property.

2.8 The following routes to acquire properties are utilised in collaboration with Housing and Asset Management:

- Open Market purchases.
- New build Housing developments.
- Corporate assets which can be refurbished and developed into children's homes.

2.9 All potential offers include a briefing outlining the required due diligence, incorporating input from Planning, Surveyor, Asset Management, Police, Education and Social Care.

2.10 From January - December 2023, 55 properties from the open market were identified as being potentially suitable as part of the in-house programme, of these 34 were short-listed for visits with 6 offers placed. 4 of these offers were accepted with 2 progressing through planning. Of this one property was purchased (property 3).

2.11 Workforce

Each home has its own dedicated and suitably qualified staff team; this comprises a Registered Manager, Deputy Manager, 6 Practitioners and support from a casual bank of Residential Support Workers. As the homes under phases 3 and 4 operate as small 2 bed homes, Registered Managers can be dual registered providing management across 2 homes.

2.12 The overall operation of the homes and strategic development is led by the Operations Manager for Residential Services. This post was developed to support the growth of the service following the opening of the first homes under phase 1. The post leads on workforce development with a rolling programme of training and development in place across the residential service in line with the therapeutic model of support delivered across in house provision.

2.13 Recruitment and retention of residential staff continues to be a challenge due to the competitive nature of the market, with this being a known national area of challenge. A residential recruitment operations group identifies opportunities to improve the pipeline of applicants, with workstreams including marketing campaigns, use of the residential recruitment landing page on the RMBC website, recruitment agency support and attendance at job fairs/recruitment events.

2.14 All open homes are fully recruited, along with Peacock Lodge, which is currently awaiting registration. A rolling programme of recruitment will support the successful opening of the remaining homes under phase 3 and 4.

Original Recruitment Requirements phase 3.

	2 bed home	2 bed home	2 bed home	2 bed home	Total
Casual	7	7	7	7	28
Practitioner	6	6	6	6	24
Deputy	1	1	1	1	4
Manager	.5	.5	.5	.5	2

Original Recruitment requirements Phase 4

	2 bed home	2 bed home	Total
Casual	7	7	14
Practitioner	6	6	12
Deputy	1	1	2
Manager	.5	.5	1

2.15 Registration and Regulation

There is no published timescale for Ofsted to complete the children's home registration process however historically this has taken around 16 weeks. Ofsted acknowledged that there were delays in processing registration applications (in a press release published on 29 February 2024). This predominantly is in response to the increase in requests for registration for supported accommodation providers.

- 2.16 Some delays to the registration process have been experienced. Registration for the first emergency accommodation, Phoenix House, was significantly delayed and although registration for the latest 2 bed home (Peacock House) has been submitted, this has not yet been processed by Ofsted.
- 2.17 All Rotherham registered children's homes are visited by an independent person once a month. The monthly visit is called a Regulation 44 visit or an Independent Monitoring Visit. The purpose of the visit is to make sure it is a safe place to live and that children are happy, healthy, and cared for. Regulation 44 Visits are carried out under Regulation 44 of the Children's Homes Regulations 2015. Registered children's homes also receive an annual inspection from Ofsted.
- 2.18 Although Ofsted reports are published in the public domain, the identity of the homes remain confidential and are not disclosed.
- 2.19 In October 2022, Rotherham Cabinet approved changes to the residential development programme in recognition of the challenges in the market and the complexity of children needing homes. These challenges are reflected regionally and nationally. In November 2022, Ofsted published a report, "how-local-authorities-plan-for-sufficiency-children-in-care-and-care-leavers" (background paper) about how local authorities plan for sufficiency, the report highlighted the lack of suitable homes available for children with complex needs and the difficulty local authorities face in finding homes for them. The report found that children's homes are often reluctant to accept referrals for children with complex needs due to sector-wide challenges with recruiting and retaining skilled and experienced staff, the potential for disruption for other children at the home and the perception that looking after a child with complex needs will negatively affect the home's Ofsted inspection judgement.
- 2.20 Children's homes in Rotherham consistently receive positive feedback from the independent visitors and during Ofsted inspections. Where recommendations for improvement have been made, these have related to disruption for other children when children with complex needs are living in the home, and the capacity of the workforce to meet the specialist needs of individual children.
- 2.21 In January 2024 Ofsted published a further report, "How local authorities and children's homes can achieve stability and permanence for children with complex needs" (attached as a background paper). This report acknowledged the challenges experienced across the country as well as in Rotherham and affirms Ofsted's commitment to addressing concerns and continuing to work with the sector to manage these sensitivities.

2.22 **Evaluation**

Placements

As of Q1 2024/2025, there were 9 in house residential placements, 8 of which had been made in the preceding 12 months. Placements are split across the 5 registered provisions with an active overall capacity of 11 beds.

- 2.23 Average occupancy presumptions are set at 85%, with progress showing that the 2 bed properties are achieving this figure on a more consistent basis. Occupancy rates given sometimes differ from original assumptions for 2 bed properties, this includes when a young person has needed a period of solo placement or where beds become vacant due to transition. Dragonfly opened in a phased way in Q4 to support a positive implementation and transition for placements.
- 2.24 Achieving full occupancy has been a challenge for the programme, particularly on the 4 bed children's home, Pegasus, completed during phase 1. This is often due to the difficulty in successfully matching young people to the home.
- 2.25 Average occupancy across the 4 and 2 bed homes since April 24 is included below:

Home	Beds	Average Occupancy this financial year
Pegasus	4	72%
Beech Tree	2	100%
Dragonfly	2	76%
Quarry	2	61%

- 2.26 Since commencement of the in-house residential programme, there have been 23 young people that have benefited from in-house residential care. Of the 23 young people, 13 (56%) were residing outside of Rotherham.
- 2.27 Of the 13 external placements successfully transitioned in to in house residential provision, 12 (92%) were either in high-cost external residential settings or in emergency provision prior to placement in-house.
- 2.28 The average length of placement including those placed currently is 296 days, this supports the overall strategy for in house provision to be short to medium term focused and support step down to family-based settings where appropriate.
- 2.29 Of the 23 young people who have benefited from in-house residential care, 4 (17%) have had a successful reunification back to family, 5 (22%) have transitioned into leaving care accommodation, and 11 (48%) remain in in-house provision with only 2 (8%) requiring accommodation in another external residential setting.
- 2.30 Placement information to date on the in-house residential programme has shown the service performing well in terms of providing step down opportunities linked to care planning arrangements for Looked After Children. This is set against national sufficiency challenges particularly a shortage of foster carers which can result in increased reliance on placement in residential provision.
- 2.31 **Outcomes for Children**
Case study demonstrating impact for children.
- 2.31.1 AB had resided in an external residential provision at distance from Rotherham since 2021.

- 2.31.2 AB's progress had been monitored via various children in care panels over the duration of his time in an external residential provision, with agreement to continue to support the placement at distance.
- 2.31.3 Through permanence panel, it was agreed to explore the possibility of AB returning to Rotherham. Following a number of planning meetings, AB was suitably matched to one of the new in-house residential homes.
- 2.31.4 Working collaboratively with education colleagues, the right in house residential home was selected, which allowed attendance at a new local education provision which could meet AB's needs. AB was integral to planning and leading the change. AB now lives locally, attends a local school with local peers and is able to see his family network regularly. This is supporting positive planning in preparation for adulthood.
- 2.31.5 The previous residential provision for AB offered care and education; the external placement cost was £6,436 per week. The budgeted rates of the in-house residential home at 85% occupancy rate are £4,242 per week, therefore, the move achieved efficiencies to the Council of £114K per year.
- 2.31.6 The case study demonstrates the effective planning process to support step down arrangements as part of long-term placement planning, in this instance both the Looked After Children and Special Educational Needs and Disabilities (SEND) Transformation workstreams were able to work seamlessly together to source newly developed residential and SEND education provision.

Sufficiency Plan Update in relation to Care Leavers

- 2.32 The Local Authority has a duty to ensure that it has carried out appropriate needs analysis of both its children in care and care leavers' placement and accommodation needs, and then should create a strategy that addresses the resultant sufficiency priorities and a clear local offer for Care Leavers. The delivery of the residential development programme remains a clear priority within the LAC Sufficiency delivery, but it is also important to focus explicitly on the needs of Care Leavers. The Care Leavers Addendum to the Looked After Children and Care Leavers Sufficiency Strategy (Appendix 1) does just that and identifies a requirement to further develop provision to meet the needs of young people and young adults. It is also important to ensure that this provision provides positive outcomes and value for money.
- 2.33 The analysis of future need within the Care Leavers addendum suggests there will be 551 Care Leavers in Rotherham in 2027, this is significantly higher than the 353 Care Leavers in Rotherham in May 2024. In May 2024, 88 Care Leavers were accommodated in externally commissioned accommodation; the forecast number of Care Leavers in externally commissioned accommodation in 2027 is 156.
- 2.34 As current Care Leavers move into alternative arrangements, within family networks or by securing independent tenancies, existing available externally commissioned accommodation will be utilised (where this meets quality assurance and best value commissioning standards).

- 2.35 The gross budgeted spend on 16+ and 18+ is mainly externally commissioned accommodation in the region of £4.0m per annum. Increasing the amount of externally commissioned accommodation would result in further spend.
- 2.36 Better value can be achieved through meeting the accommodation needs of young adults by; increasing the number of dispersed properties, increasing the number of places in more cost-efficient group living accommodation and reducing the number of externally commissioned high-cost groups living placements. The financial implications are outlined in para 6.13. For young people and young adults who are ready to live independently the most value can be achieved by using increased dispersed properties sourced from HRA as opposed to spend on commissioned supported accommodation placements.
- 2.37 Whilst the Council can confidently project the number of Care Leavers (16/17) year olds transitioning through the care system over the next 3 years, based on current numbers of young people aged between 14-17, the types of properties that are required is more difficult to forecast.
- 2.38 Increasing the available dispersed accommodation, which can be provided with floating support is likely to reduce the reliance on higher costing commissioned services. An increase in dispersed accommodation by at least 21 beds, over the next 3 years, is likely to meet expected demand. Achieving above this number, will further reduce reliance on higher cost options if the complexity of the leaving care population remains the same.
- 2.39 Many Care Leavers identified in the needs analysis will not require the Council to source additional accommodation as they will be in a position to secure independent tenancies through the housing market, including through mainstream council housing allocations or in the private rented sector with appropriate support. Care Leavers receive priority in respect of housing applications in line with the current Housing Allocations Policy. The available data suggests at least 14 allocations to Care Leavers were made in the first six months of 2024/25. The true number is likely to be higher, because some Care Leavers will have received Band 1 priority for other reasons (e.g. because they were owed a homelessness duty). In June 2024, Cabinet approved a full review of the Council's Housing Allocation Policy. Agreement of a new policy (from 2025) will be subject to Cabinet approval and recommendation to Council.
- 2.40 In addition, part of the identified need for non-regulated dispersed accommodation for Care Leavers can be met through the Council's existing housing acquisitions workstream, which forms part of the Housing Delivery Programme. In October 2023, Cabinet authorised a new Housing Acquisitions Policy which included acquisitions for CYPS accommodation. A budget and authorisation are available for up to 100 acquisitions to meet general housing needs of all kinds in 2024/25 and 2025/26. Acquired properties must be held within the Housing Revenue Account (HRA). Whilst this will be of real benefit, there will continue to be significant pressures on allocation. The Council will continue to seek opportunities to acquire properties for Care Leavers as part of this wider programme, with the intention that they would return to general needs use once they are no longer required by CYPS.

- 2.41 The Assistant Director of Housing Services recently authorised a doubling of the number of HRA properties available for use as supported dispersed accommodation for Care Leavers linked to the Council's Care Leaver supported accommodation service, meaning that in total 20 dispersed properties will now be available for that purpose. Council officers are working on identifying suitable properties from within the Council's housing stock.
- 2.42 In order to reduce the time required to find locate or acquire new properties, and to disproportionate impact in one area of the borough, CYPS and Housing will be considering additional locations as well as the central area close to the existing provision.
- 2.43 The Council is also working with housing associations that are potentially interested in developing accommodation solutions for Care Leavers.
- 2.44 The option to increase the availability of dispersed accommodation through new build developments has been explored. Traditional build projects can take 18 months or more to complete, consequently this has been discounted as a solution to provide additional care leaver accommodation to meet the demand over the next two years. However, the potential use of modular accommodation, which has the advantage of a much faster build period, is being explored to meet various accommodation needs in the borough and this will include the potential to support Care Leavers.
- 2.45 Finally, the Council retains the option to enter into leasing agreements with private sector landlords, including for Housing of Multiple Occupation (HMO) accommodation. A delegation is sought from Cabinet to enable the relevant Assistant Director with responsibility for Property and Facilities Services to enter into lease agreements on the Council's behalf.
- 2.46 In order to maximise opportunities to increase availability of more cost efficient dispersed and group living accommodation described in 2.43, 2.44 and 2.45, through work with Housing Associations and Private Landlords and new developments, the relevant Assistant Director with responsibility for Property and Facilities Services would need to negotiate the acquisitions required and complete necessary transactions.
- 2.47 The options described in this report need to be considered in the context of the ongoing national homelessness crisis and growing demands on the HRA, and the wider housing stock, to meet a range of housing needs.

3. Options considered and recommended proposal

3.1 Option 1 Do nothing.

- 3.1.1 Although the residential development programme has not achieved the anticipated outcomes and associated cost avoidance and savings to date due to delays to delivery, once operational, homes are able to evidence positive impact for Children in Care and financial efficiencies in comparison to the procurement of external placements.

- 3.1.2 Failure to update the LAC and Care Leavers Sufficiency Strategy and Delivery Plan risks the needs of Care Leavers not being identified and met leading to poor outcomes.
- 3.1.3 The increase in the number of Care Leavers in future years will create a cost pressure if other available options for accommodation are not maximised. A wider variety of housing solutions are required to meet the needs of Care Leavers, an inability to negotiate and provide these presents a financial risk and may lead to poor outcomes.
- 3.1.4 This option is not recommended.

3.2 **Option 2.**

- 3.2.1 Approve the delivery of the updated LAC and Care Leavers Sufficiency Delivery plan, to include completion of the residential development programme and joint work between CYPS, Housing and Asset Management to enable the development of a wider variety of housing solutions for Care Leavers.
- 3.2.2 This option is recommended.

4. **Consultation on proposal**

- 4.1 A plan is in place, guided by the Voice, Influence and Participation Lead, for the consultation and engagement of Children in Care and Care Leavers in the development and implementation of the proposal.
- 4.2 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.
- 4.3 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 The in-house children's residential development will deliver:
- Property 1 (1 bed emergency provision) by Q1 2025/26
 - Property 2 (2 bed residential provision) by Q3 2024/2025
 - Property 3 (2 bed residential provision) by Q3 2024/2025
 - New build children's residential home by Q4 24/25
- 5.2 The LAC Sufficiency Strategy delivery plan will be approved by the Corporate Parenting Partnership Board by January 2025.

6. Financial and Procurement Advice and Implications:

In-house Residential Homes Programme

Revenue implications

- 6.1 The in-house residential homes programme is one of a number of actions within the LAC Sufficiency strategy to address the sustainability issue in the Children in Care placement budget.
- 6.2 The latest revised budgeted cost for the delivery of the 20 beds through the in-house Residential Home Programme (currently phased to be completed by the end of 2024/2025) is £5.2m. This is an increase when compared to the last reported position (£4.3m) to Cabinet in Sept 2022. The revised cost is based on the following:
- The revised costs (based on 2024 prices) represent the full year effect of all the homes being open and operational.
 - Revenue budgets for the homes is through a realignment of the external residential placement budgets. An 85% occupancy level has been assumed.
 - Budget for staffing and running costs of the homes have been updated for inflationary increases since 2022.
 - Increased budgeted cost for Phoenix (emergency placements) is due to it being staffed as a 2-bed home; however, it is operated as a solo bed emergency home (for high complex placements).
- 6.3 The delivery of all the new homes (i.e. 20 beds), when fully operational, is planned to deliver cost avoidance of £1.3m per annum (£0.9m reported in Sept 2022). This is based on the £6,500 per week budgeted cost (2024/2025) of an external residential care placement. The increase in the cost avoidance savings since the Sept 2022 report reflects the rise in the weekly cost of external residential placements due to inflationary pressures.
- 6.4 A financial evaluation of the phase 1 and 2 homes in 2023/24 showed a mixed picture in respect of the cost avoidance achieved – see table below:

2023/24	Actual occupancy rate**	Planned spend	Actual revenue costs	Comparable external placement costs*	Variance
		£'000	£'000	£'000	£'000
Ph 1 - Pegasus	63%	753	753	832	-79
Ph 1 - Phoenix	58%	374	534	356	178
Ph 2 - Beech tree	98%	426	641	644	-3
Ph 2 - Quarry	87%	426	621	576	45
			2,551	2,410	141

*Comparable external placement costs are based on the average unit cost of an external residential care placement on 31 March 2024 (c.£6,500).

** actual occupancy rate is calculated based on the number and duration of placements made in the year across all homes

6.5 The above variance can be explained by a number of factors, most of which are one-offs in nature:

- Pegasus: - under-occupancy was a factor, with placements at the home continually short of the full 4-bed capacity. There were one-off agency costs (£23k) relating to the previous year and the Brightsparks recruitment contract (£30k) for the whole programme charged against this home's budget.
- Phoenix: - low occupancy rate was the main factor for the poor value for money in 2023/24. This is exacerbated by the high staffing ratio (3:1) in place for a complex placement during the year (the budgeted staffing ratio is 2:1). There was prolonged furlough of the home in the year due to works relating to Ofsted registration.
- Beech Tree: - the high running costs of the home is due to increased staffing costs from the following: 1fte manager cost was charged (against a 0.5fte budget due to its dual registration), one-off agency costs (£13k) relating to previous year, and 3:1 staffing ratio put in place for one solo placement during the year.
- Quarry – high running costs was the main issue in 2023/24 due to the following: full time manager costs charged (against a 0.5fte budget), one-off premises costs (£11k) and high-level sickness cover in the year.

6.6 It should be noted that some of the above factors are one-offs and unlikely to recur in 2024/25. As a result, the above is not an indication of the cost avoidance savings position for these homes in 2024/25 and in future years.

6.7 It is expected that improved occupancy levels, decision making and effective cost control in the running of the homes will ensure delivery of the target operating model and the planned cost avoidance (see table below).

2023/24	No. of places	Planned spend**	Comparable external costs***	Cost avoidance savings
		£'000	£'000	£'000
Phase 1 - Pegasus & Phoenix*	4	1,212	1,573	-361
Phase 2 - Beech Tree; Quarry*	4	1,185	1,439	-254
Phase 3 – Dragonfly; W Lane; W Drive; & 2 bed home	8	1,836	2,304	-468
Phase 4 – Peacock; Rowan	4	918	1,152	-234
	20	5,151	6,468	-1,317

* Excludes emergency homes places

** Based on 85% occupancy level for the year

*** Assumed average unit cost for an external placement of £6500

6.8 Whilst two homes have been more expensive than the average cost of external provision to date, work is being undertaken to ensure the costs are lower than external provision in future. The following details the management actions and grip currently in place to drive value for money and reduce running costs of the in-house residential home programme:

1. Revised processes to necessitate the exploration of in-house provision prior to agreeing to commence external placements. These are currently only able to be progressed with the approval of the Assistant Director.
2. The service has also increased senior leadership capacity with a new Head of Service for Provider Services who has taken the lead on ensuring that in-house residential care services are deployed in the most effective manner. This will increase grip and governance over this project and ongoing resource deployment for Children in Care.
3. There is ongoing work and case clinics scheduled to review children and young people currently placed in external provision and work to be done to transition these children in-house where appropriate.
4. A revised campaign to recruit, and retain, residential care practitioners is underway – to address recruitment barriers and over reliance on agency staff usage (which reduces the quality and consistency of care offered but also increases unit cost).

6.9 Progress has been made in the delivery of the in-house residential home programme. As per the target operating model, the in-house residential home programme still represents a cost-effective approach to managing pressures in the Children in Care placement budget over the medium and long term.

Capital Implications

6.10 The revised proposal (approved at Cabinet September 2022) was for a change to Phase 3 from 2 x 4 beds to 4 x 2 beds and a proposed Phase 4 for a further 2 x 2 beds in line with a bid against the DfE's Children's Home Capital programme, with 50% match funding of the proposed 2 x 2-bed homes. This bid was successful and in line with the specified timescales, this will bring a further 2 x 2 bed homes online by March 2025.

6.11 The Capital Allocation set out in September 22 of a total programme spend of £4.362m remains the same. Overall projected capital spend on the programme is forecast to be in line with the allocated capital budget.

6.12 Set out below is the current capital projected spend against budget:

Residential Homes Programme	Bed capacity	Capital Budget	Spend to Date	Total Forecast spend	Variance against budget
		£'000k	£'000k	£'000k	£'000k
Phase 1 - Pegasus & Phoenix	4 beds	177	178	178	1
Phase 2 - Beech Tree; Quarry	4 beds	843	728	928	85
Phase 3 – Dragonfly; W Lane; W Drive; & 2 bed home	8 beds	2,228	609	1,888	-340
Phase 4 – Peacock; Rowan	4 beds	1,114	560	1,359	245
Total	20 beds	4,362	2,075	4,353	-9

6.13 Updated cares leavers sufficiency strategy – revenue implications

Current budgeted cost of accommodating 16+ and 18+ Care Leavers is £4.5m, comprised of £4.0m (external commissioned provision) and £0.5m (in-house provision – supported accommodation / disbursed). The above excludes grant funding and unaccompanied asylum seekers children income from the Home Office.

6.14 The objective of the updated Care Leavers sufficiency strategy is to increase available dispersed accommodation (externally commissioned including with floating support and in-house provision) to meet forecast future demand. This would reduce the use of (and reliance on) costly external supported accommodation properties. The following table summarise the proposed sufficiency plan (and the number of available beds) over the next 2 years:

	Apr-24	Mar-25	2025/26	2026/27
<u>Commissioned placements</u>				
Supported Accommodation 16+	52	49	38	38
Dispersed – floating support 18+	20	26	26	15
Group Living 18+	15	9	15	21
	87	84	79	74
<u>In-house placements</u>				
H supported accommodation	9	9	9	9
Dispersed properties	10	20	30	40
	19	29	39	49
Living independently	32	32	32	62
	138	145	150	185

6.15 The following table summarises the indicative financial cost of the above sufficiency plan and underlying assumptions:

	2024/25	2025/26	2026/27
	£'000	£'000	£'000
Commissioned Placements	1,813	1,603	1,320
In-house placements – dispersed	527	571	615
Living Independently	0	0	0
Total	2,340	2,174	1,935
Cumulative savings		-166	-405

- 6.16
1. Commissioned placements costs have been forecast using 2024 prices i.e. £1,160 for 16+ supported accommodation placements and £600 (average) for 18+ dispersed / group living properties.
 2. In-house placements costs represent current Care Leaver supported accommodation plus additional dispersed properties costs such as council tax / rental costs. Associated costs of the dispersed properties relate to rent payments at an average of £92 per week. At 18 it is proposed that the tenancy would transfer to the young person, where eligible housing benefit would be claimed. Council tax is payable by CYPS for any children under 18 or void properties (the current Band A charge is £1,434 p.a). The Council has a Council Tax exemption scheme for Care Leavers aged 18-21.

3. The forecast savings reflect the increased availability and use of in-house dispersed properties compared to commissioned placements.

6.17 Procurement Implications

As an update report, there are no direct procurement implications to reference. The purchase of properties falls outside the scope of procurement legislation and therefore in these instances, there are no procurement implications. Where the Council are engaging contractors to deliver new build schemes or refurbish existing properties, this engagement must be undertaken in compliance with relevant procurement legislations (Public Contracts Regulations 2015 or the Procurement Act 2023) and the Council's own Financial and Procurement Procedure Rules

7. Legal Advice and Implications

7.1 The Children Act 1989 S17 imposes a general duty on Local Authorities to safeguard and promote the welfare of children in their area who are in need which can include the need for accommodation.

7.2 The Children Act 1989 S33 (1) states "The Local Authority has a duty to receive a child into its care for the duration of any Care Order" Section 22 A – D of the same act provides for statutory responsibility for providing any looked after child with accommodation. Section 22 C (7) – (9) states that the responsible authority must ensure that as far as reasonably practicable the placement: -

- Allows the child to live near his / her home.
- Does not disrupt his / her education.
- Provides accommodation which is suitable to the needs of the child if the child is disabled.
- Is within the local authority's area.

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.

7.3 Section 22 G makes provision that "The responsible Local Authority must also take steps to ensure that they are able to provide sufficient accommodation within the Local Authority's area to meet the needs of Looked After Children". Section 22G requires Local Authorities, so far as is reasonably practicable, to ensure that there is sufficient accommodation for those children that meets their needs and is within their local authority area.

7.4 Considering the above legislation, the statutory duties, and responsibilities for Looked After Children, the proposal to increase accommodation provision falls within the legal requirements expected of a Local Authority. Any provision where accommodation is being provided must comply with the Care Planning, Placement and Case Review Guidance Regulations 2011 including the requirement to be an Ofsted regulated placement this is irrespective of the length of time the provision is provided.

7.5 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, the

person carrying on the home commits an offence. It will be necessary for the provision to be registered. However, consideration has been given to this at “Registration and Regulation” above.

7.6 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. This policy will allow the Local Authority to comply with its duties under the prescribed legislation.

7.7 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.

7.8 There is no legal implication by following the recommendation proposed at 3.2.

8. Human Resources Advice and Implications

8.1 Recruitment of staff for the residential homes continues to be a challenge. HR will continue to support the service in the recruitment and appointment of staff.

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 A range of approaches will be used to ensure that Looked After Children play a key part in delivery of the strategy. The LAC Council have been involved with the development of the strategy and influence decision making and delivery.

10.2 Frontline staff, partner agencies, foster carers and parents/carers have been and will also be consulted and be able to inform the development and implementation.

11. Implications for CO2 Emissions and Climate Change

11.1 The Looked After Children and Care Leavers Sufficiency Strategy sets out how Rotherham Children and Young People’s Services will fulfil its role as a Corporate Parent and meet its statutory sufficiency duty by providing good quality care, effective parenting and support to children and young people in and leaving care.

11.2 It describes the principles that are applied when seeking to commission the provision of secure, safe, and appropriate accommodation and support, to Children in Care and Care Leavers over the next three years.

11.3 The Strategy provides the underpinning needs analysis that will inform market management, seeking to ensure that there is the right mix of provision available to meet the needs of children and young people and that this provision mix provides positive outcomes and value for money.

11.4 The development of residential settings is a priority within the strategy, this means there will be some low-level impact in terms of car use for staff getting to the

home/their place of work and transporting children. There will also be an increase in refuse from the individual homes as they support children and staff potentially.

- 11.5 In order to monitor and mitigate the impact the distances travelled will be monitored and the settings will access electric vehicles.

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 the 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 being 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

Name, Helen Sweaton Joint Assistant Director Commissioning, Performance and Quality. Children and Young People’s Services

Approvals obtained on behalf of Statutory Officers: -

	Named Officer	Date
Chief Executive	Sharon Kemp OBE	04/11/2024
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	25/10/2024
Assistant Director, Legal Services (Monitoring Officer)	Phil Horsfield	25/10/2024

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