

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 23<sup>rd</sup> January 2024

<b>TITLE</b>	<b>Purchase of properties for the provision of Children’s homes</b>		
<b>Ward(s)</b>	Lockleaze		
<b>Author:</b> Gail Rogers	<b>Job title:</b> Head of Children’s Commissioning		
<b>Cabinet lead:</b> Cllr Asher Craig, Deputy Mayor (Children, Education & Equalities)	<b>Executive Director lead:</b> Stephen Peacock, Chief Executive		
<b>Proposal origin:</b> Mayor			
<b>Decision maker:</b> Cabinet Member <b>Decision forum:</b> Cabinet			
<b>Purpose of Report</b>  To seek approval for the funding for the acquisition of two properties from the One Lockleaze development to be used as Children’s Homes.			

## Evidence Base:

### 1. Context overview – Children in Care

- 1.1. Bristol has a Children in Care population of 730 (Aug 2023), with 14 children in Bristol City Council’s (BCC’s) five registered Children’s Homes, and 59 in out of area Homes. Over the past 3 years Bristol has had an increasing percentage of children in care placed at 20 miles or more away from home from 21% in 2019/20 to 25% in July 2023, the national performance for this measure is 17%. For BCC’s children in external children’s homes, this figure rises to 70%. The number of children in care is predicted to be between 736 and 790 children by the end of 2023/4 (a link to the Corporate Sufficiency Strategy 2023-25 can be found below) It is BCC’s aspiration that most children requiring care live with families in a family setting, and this can be through arrangements with family members or in fostering provision. However, the national picture for fostering shows a marked decline in the availability of foster carers, which we have also seen in Bristol. This has led to a higher ratio of children being placed in residential provision than we have seen previously. Data above shows that 8% of looked after children were in residential care in August 2023, but this has climbed to 11% in November 2023 due to lack of fostering options and causes significant budgetary pressures.
- 1.2. An emerging problem has also been a small number of children whose needs are too great for providers to manage. These children are those with the greatest trauma, often presenting with very high self-harm or with particularly challenging behaviour. No regulated care offer is available because of these risks and hybrid arrangements for care and management are being commissioned short-term at high cost and high reputational risk.
- 1.3. [Care Standards Act 2000](#) says that ‘an establishment is a children’s home if it provides care and accommodation wholly or mainly for children’. Children are defined as people who are aged under 18. Young

people aged 18 and over may also live or stay in a children’s home, but they must be in a minority. A children’s home is an establishment where a child or young person live with professional staff to look after them. Children’s homes aim to make sure that they meet the needs of children who can’t live with their own families

- 1.4. In December 2022, the updated Sufficiency Strategy was agreed at Cabinet outlining the issues above and proposing some solutions. We have an internal programme of growth for BCC’s own Children’s Homes, and also a plan to increase further through the procurement of a strategic partner who will be in place by April 2024. Proposals for growth through a strategic partner and through BCC’s own expansion can be seen in the table below. Approval for funding and progression for all growth was contained within a paper to Cabinet in September 2023, which included approval for two bespoke homes and also a same day urgent care home which could take 2 children and is in addition to the map below. This brings our intended Children’s Homes estate up to 31 places within Bristol.

children's homes places - sufficiency map				
Name of home	No. of places		timeline	provider
Frome	2		current	in house
Silbury	4		current	in house
Cherry Blossom	3		current	in house
Blaise	2		current	in house
Witchazel/Elderberry	3		current	in house/strategic partner Nov 24
<b>Tot places</b>	<b>14</b>			
Elderberry	3	double count to Witchazel	Nov-23	in house
St Peter's	2		Mar-24	in house
Vowell Close	4		Nov-24	strategic partner
Lockleaze 1	1		Dec-24	strategic partner
Lockleaze 2	1		Dec-24	strategic partner
additional house	3		Mar-25	in house
Maple Tree	4		Sep-24	in house
<b>Tot new places</b>	<b>15</b>			
<b>Total sufficiency</b>	<b>29</b>		<b>Mar-25</b>	

- 1.5. As part of the Children and Education Transformation programme, known as Our Families, a key outcome for the Council is to have;

Secured better value for money through a balanced budget by addressing the drivers for the increase in spend and future-proofed the service against increasing demand:

- 1.6. Delivered sufficiency of high-quality placements within the local area, thus securing better outcomes for our children in their own communities; Less CYP are placed out of area

## 2. Summary of Proposal

- 2.1. Two houses completed by Bristol City Council’s Strategic Housing Partner, Goram Homes on the One Lockleaze development have been identified as suitable for use as a home for children in care. Both are three-bed and could be used to care for individual children (or two as maximum if there was a very good match) as a bespoke arrangement, or for urgent care arrangements where assessments are required before sourcing the right care and support. These provisions align within the Council’s sufficiency plans above and would be a good opportunity for us to develop much needed provision and to reduce the use of hybrid or unregistered arrangements as well as reducing costs. (Unit details and layouts can be found in Appendix A1 and A2)
- 2.2. The purchase price of the homes is £442,500 each - £885,000 for two. Three options as to how the assets could be held have been considered in this report.
- 2.3. This proposal is predicated on the homes being acquired and held by the general fund in the first instance.

## 3. Business Case for the purchase of additional homes for children in care - Demand and Cost

- 3.1. Children’s services external placements team is receiving 60 referrals per week. These are made once all internal placement options are exhausted or ruled out. Of these 60 referrals, 12 (20%) are requests for residential placements. This demand is not driven by overall numbers of children, but BCC’s cohort of children entering care aged 10 and above is higher than the national average and over 70% of BCC’s children in care are now aged 10 and above.
- 3.2. Children’s services are seeing a cohort of teenagers where foster carers are no longer able to manage their needs, perhaps exacerbated by Covid experiences, and we are seeing older care entrants with a profile of risk and need that cannot be managed by foster carers. Children’s services are also seeing children whose needs could have been met by fostering, but where no carers can be found. For these reasons, the use of residential care is growing. Added to this, there are a constant number of children at any one time in unregistered (hybrid) placements, often in rented accommodation with agency staff providing care. Unfortunately, as some children successfully move on, others are in the same situation.
- 3.3. The table below shows the top-10 weekly placement costs for children in BCC’s care currently. The table includes both unregulated and regulated placements. The weekly total is £ 161,054 and amounts of almost £7M per year, paying for largely unsatisfactory arrangements. This proposal will enable us to bring some of these children back into our newly developed.

Market	Total Weekly Cost	Social Care weekly cost	SEN Weekly Cost	Health Weekly Cost	Placement Location
Residential	£43,599.50	£29,660.40	£0.00	£13,939.20	Bristol
Unregistered	£25,744.00	£25,744.00	£0.00	£0.00	Bristol
Residential	£17,000.00	£17,000.00	£0.00	£0.00	Swindon
Unregistered	£14,518.00	£14,518.00	£0.00	£0.00	Bristol
Residential	£14,406.63	£8,446.18	£4,960.45	£1,000.00	Derbyshire
Unregistered	£14,312.00	£14,312.00	£0.00	£0.00	Bristol
Residential	£14,250.00	£14,250.00	£0.00	£0.00	Birmingham
Residential	£13,000.00	£13,000.00	£0.00	£0.00	Staffordshire
Residential	£13,000.00	£12,000.00	£0.00	£1,000.00	Staffordshire
Unregistered	£12,124.00	£12,124.00	£0.00	£0.00	Walsall

- 3.4. The cost of external residential care is increasing, driven by increased staff costs and inflation and also by high levels of profit. Lack of sufficiency nationally has led to the market dictating costs because local authorities have no choice but to place wherever there is a viable offer, even when that placement is at a distance from the child’s home and networks and where the placement requires very high resources to agree to the placement. In 2021, the Competitions and Markets Authority looked at 15 large providers from 2016 to 2020 and saw operating profit margins averaging 22.6% where a well-functioning market should generate returns to investors of up to 6% Children's social care market study final report - GOV.UK ([www.gov.uk](http://www.gov.uk))

#### 4. What is the cost of running a Home?

- 4.1. Children with complex needs require a high ratio of staffing to keep them safe. If we run two houses as solo homes for children, costs are likely to be based on three staff on shift most of the time. This is similar to BCC’s own 3-bed children’s homes which cost around £600,000 per year to run. Run by a strategic partner, it is likely that we would pay around 7% on top of this as profit: £642,000 per year and divided by 52, this represents a weekly cost of £12,400 per house or £24,800 per week for both.

#### 5. Co-funding opportunities

- 5.1. Children with complex care needs frequently receive funding contributions from Health and SEND, and this is usually because their needs cannot be met through ordinarily available provision. The children likely to be placed within the two purchased properties would need a strong therapeutic input and appropriate education from the outset.
- 5.2. BCC has begun discussions with Health commissioners and practitioners (ICB and AWP) to define the likely clinical requirement within homes for BCC's children where we currently share costs. We have not yet agreed this, so cannot determine how this would contribute to costs, but current Health costs for the 8 children above are as high as £13,900 per week for a child in hospital for whom there is no regulated, safe solution at this time. There is a shared interest in supporting a community solution for a small group of children for whom a hospital setting has become their place of safety. We would push for a core staffing contribution to enable a Registered Mental Health practitioner to be part of the daily staff team.

## 6. Considerations

- 6.1. The two new homes will require planning permission to change use. This may take up to 12 months in current circumstances. This would add cost overall because we could not operate a Children's Home without this change of purpose. Some LAs would allow this under a Lawful Development Certificate (South Gloucester) and others would require full planning – we would require this to be fast-tracked if so.
- 6.2. Children's homes must register with Ofsted in England. Any person carrying on or managing a children's home that provides care and accommodation must register with Ofsted in respect of that individual children's home. Failure to do so is an offence under section 11 of the Care Standards Act 2000. There are circumstances when it may be appropriate to be registered as a care home with Care Quality Commission (CQC) rather than as a children's home with Ofsted.
- 6.3. Children's Services will have a strategic partner in January 2024 to run its proposed Children's Homes, including these. It will take some time for them to recruit staff and then to apply for registration with Ofsted. Recruitment will take 6 months, and registration is currently taking up to 6 months. A mitigation to this could be that we begin operating and run the registration concurrently with the full knowledge of Ofsted. This would still require staffing lead in time.

## 7. Cost Benefit Estimate

	Weekly	annual
<b>Average weekly cost (current) per child in unregistered provision</b>	<b>£ 16,674.5</b>	<b>£ 867,074</b>
Cost of a children's home sole occupancy	£12,400	£644,800
Income - Health contribution (estimate based on current averages)	-£1,730	-£89960
Net cost to BCC per house	£10,670	£554,840

## 8. Acquisition Options

- 8.1. The paper proposes that the route of acquisition is delegated to the Directors of Finance, of Growth and Regeneration, and the Executive Director of Children's and Education Services. The purchase price of the homes is £442,500 each - £885,000 for two. There will be an additional capital cost of amending the internal specification of these units to reflect their intended use as children's homes. This is going to cost in the region of £35,600 / unit for the internal upgrade by the developer and up to an additional £26k/unit for fit out and Ofsted registration by BCC (Details in Appendix A3) totalling £1,008,200.
- 8.2. Detailed financial and Legal advice is being sought to inform the route of purchase.
- 8.3. Two options have been considered to secure these two Children's Homes:

**Option a.** BCC purchase and holds the asset itself, and leases to itself/the operator

**Option b.** BCC works with a private sector partner who purchases the properties and leases to the council/home operator. The timescale of this option does not meet the timeline for acquiring the 2 available units and does not meet Council aspirations to directly benefit from acquiring the asset.

8.4. With a single option meeting timescales and corporate aspirations, a financial appraisal was completed by the Children's Finance Business Partner to provide due diligence around cost and benefit. This can be found at appendix G

## 9. Selection of option A in the immediate term

9.1. There is a time imperative which requires the council to approve the purchase of the homes prior to their completion, so for expediency, it is recommended that the properties are purchased and held on the general fund (please see finance commentary for further detail), in order to enable Children's services to start the preparatory work to get the homes ready and approved for use.

9.2. **Option B**, to work with a private sector provider to purchase the properties has been discounted as an option at this time in favour of pursuing a combination of option A and option B above which has a closer alignment with BCC's overall strategy in this area.

## 10. Further Detail regarding Option A: BCC acquisition

10.1. In order to secure these units as soon as they are available for sale, officers have secured authority from the Council's s151 officer and Exec Director of Growth and Regeneration to commence initial work at risk, prior to Cabinet approval to acquire the units.

Legal have been instructed to commence early stages of the conveyancing for the two homes

Goram have been instructed to formally cost the specification upgrades and commence work. This will be reflected in the purchase price of the units by BCC

Goram have also been asked to commence the Change of Use planning application as an amendment to the live planning consent for the development

10.2. To ensure these homes are brought into active use as quickly as possible, officers have or are in the process of also:

- Undertaken market engagement for the Strategic Partner and carried out follow up discussions with some.
- Preparing tender documents for the market to invite bids for a Strategic Partner. Lease arrangements are being confirmed for the ITT with corporate colleagues around a peppercorn rent, and a Procurement colleagues is assigned to the project. Tender documents should go live on ProContract week commencing mid January 2024.
- Discussing the homes with the regional Ofsted Inspector to ensure that registration would be feasible for these two homes.
- Discussed the availability of the homes with Health colleagues in the context of a system priority for children with very high complex care needs.

## 11. Risk Assessment

11.1. Officers have identified two key risks with this proposal:

- The two houses will require a change of use through Planning from C3 residential units to Childrens' Homes. There is a risk to the timeliness of a change of use planning decision. There has been Executive agreement that this project will be prioritised, which should mitigate the risk. If commenced early, there is also unlikely to be objection to proposals within the development. It is being proposed that the One Lockleaze LLP manage this change of use as an amendment to their live planning consent to further

mitigate risk

- A further risk is around registration of the two homes by Ofsted. All Children's Homes must be registered under the Children's Homes Regulations 2015. In order to register, the homes require a Responsible Individual from the strategic partner and also a Registered Care Manager recruited who will need to submit the application. Timescales for regulation through Ofsted are up to 6 months currently, but this could be reduced by early discussion with Ofsted and the use of their 'fast track' process.

**Cabinet Member / Officer Recommendations:**

That Cabinet:

1. Approve funding for the acquisition of two properties from the One Lockleaze development as outlined in this report.
2. Authorise the Executive Director Children and Education and Director of Finance in consultation with the Cabinet Members for Children, Education & Equalities to spend the funding to acquire and determine the appropriate place for the properties to be held and managed within the General Fund in accordance with the options set out in this report.

**Corporate Strategy alignment:**

1. CYP1 Child Friendly City – Children and young people will be cared for and supported in the City they have grown up in and will be supported to overcome adverse childhood experiences.
2. CYP2 Supported to Thrive - Children and young people will be supported to thrive, by ensuring there are sufficient placements.

**City Benefits:**

1. Meet the needs of children in care and care leavers in line with the Children Act 1989 and the Equalities Act 2010
2. Increase the availability of provision which meets BCC's high aspirations young people in BCC's care, delivering in line with the assessed needs to achieve agreed outcomes.
3. Develop partnership working between Bristol City Council, Partner Organisations and Providers to meet the changing needs of the children / young people in BCC's care.

**Consultation Details:**

1. Internal consultation only – Legal, Finance, Housing Delivery Team and Goram Homes

**Background Documents:**

- Section 22G [The Children Act 1989 guidance and regulations \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)
- [Sufficiency Strategy for Children in Care and Care Leavers 2023-2025](#)
- [Our Families Programme \(Children & Education Transformation\)](#)

<b>Revenue Cost</b>	£1.28m p/yr	<b>Source of Revenue Funding</b>	Children's Placements External market costs
<b>Capital Cost</b>	£1,008,200 one-off	<b>Source of Capital Funding</b>	Capital borrowing
<b>One off cost</b> <input checked="" type="checkbox"/>	<b>Ongoing cost</b> <input checked="" type="checkbox"/>	<b>Saving Proposal</b> <input checked="" type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:**

Saving will be realised as the capacity of the Council's in-house provision is increased which will result in reduced

reliance on external placement providers. The reduction in expenditure on external placements will provide the operational budget to support running cost of the two new homes.  
The net change in the cost of provision from external to in-house will realise the targeted savings based on reduced external placements costing £16k per week. The first year is a part year benefit as the units are not expected to be operational until October 2024. Savings are then based on a 90% occupancy rate every year.  
Appendix G gives examples of possible levels of savings by comparing either the average cost of the top ten placements or the target group which is the very high cost placements with the forecast cost of the new provision. The associated Net Present Value calculations use a discount rate of 3.5% and show positive NPVs under all scenarios except that based on a 10-year loan and an average top 10 placement saving. It will therefore be important to target the most expensive placements to ensure that the project has the highest possible value to the local authority. The funding for the homes will come from corporate capital contingency funds.

**Finance Business Partner:** Richard Young, Head of Strategic Finance 15<sup>th</sup> January 2024; Guy Marshall, Finance Business Partner.

**2. Legal Advice:** The Council’s power to acquire property by agreement and at market value falls within the Local Government Act 1972 i.e. for the purpose of any of its functions or for the benefit, improvement or development of the area.

**Legal Team Leader:** Eric Andrews; Team Leader Legal Services; 15 January 2024

**3. Implications on IT:** IT are supportive and available to aid in progressing relevant work and can be engaged through the existing work request process.

**IT Team Leader:** Alex Simpson – Lead Enterprise Architect 12 December 2023

**4. HR Advice:** The report is seeking approval for funding to buy two properties from the One Lockleaze development which have been identified as suitable for use as homes for children in care. The homes will be managed and staffed by a strategic partner, yet to be identified. The current proposals have no significant HR implications for Bristol City Council employees

**HR Partner:** Lorna Laing - HR Business Partner 12 December 2023

<b>EDM Sign-off</b>	Reena Bhogal-Welsh	13 December 2023
<b>Cabinet Member sign-off</b>	Cllr Asher Craig, Deputy Mayor (Children, Education & Equalities)	8 January 2024
<b>For Key Decisions - Mayor’s Office sign-off</b>	Mayor’s Office	15 December 2023

<b>Appendix A – Further essential background / detail on the proposal</b> A1 Site layout A2 Floor Plans A3 Specification Upgrades	<b>YES</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>NO</b>
<b>Appendix E – Equalities screening / impact assessment of proposal (</b>	<b>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>YES</b>
<b>Appendix G – Financial Advice</b>	<b>YES</b>

<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b>	<b>NO</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>
<b>Appendix L – Procurement</b>	<b>NO</b>