



Date of Meeting: 3 September 2019

Lead Member: Cllr Andrew Parry, Lead Member for Children's Services

Lead Officer: Sarah Parker, Executive Director for People - Children

Executive Summary: Dorset Council has high numbers of children in care, and faces a considerable overspend as a result. For children who are placed in residential care, there is a higher risk that they end up in a placement distant from Dorset. This is because Dorset does not have sufficient children's homes to accommodate those who require this provision, and because Dorset has not attracted external providers to invest in Dorset or set up provision here.

Equalities Impact Assessment: This proposal will reduce the number of looked after children who are placed outside of Dorset.

Budget:

Risk Assessment:

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: HIGH

Residual Risk MEDIUM

Lack of placement sufficiency in Dorset has had a major impact on spending and has contributed to the projected overspend. This proposal is a component of a wider strategy to reduce the number of children in care in Dorset.

Climate implications: A reduction in the number of children looked after outside Dorset will reduce travel requirement and ensure that more Dorset Council expenditure circulates in the local economy.

Other Implications: This will proposal will enable Dorset Council to better fulfil its corporate parenting duty.

Recommendation:

- i. That the Executive Director for People (Children) takes action, as outlined in this paper, to increase the sufficiency of residential care for children in Dorset

- ii. That once options are identified the lead cabinet member in consultation with cabinet colleagues and corporate parenting board has delegated powers to approve preferred sites
- iii. That consultation should take place with local residents and stakeholders about preferred sites

Reason for Recommendation: Dorset Council is not currently making best use of resources, or securing the best outcomes, for children in care who require residential care.

Appendices:

Background Papers:

31. [Looked After Children Reduction Case for Change](#) PDF 179 KB

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1. Executive Summary

1.1 Dorset Council has high numbers of children in care, and faces a considerable overspend as a result. For children who are placed in residential care, there is a higher risk that they end up in a placement distant from Dorset. This is because Dorset does not have sufficient children's homes to accommodate those who require this provision, and because Dorset has not attracted external providers to invest in Dorset or set up provision here.

1.2 Children and young people in care should have the right to be placed in a family setting, as first preference, but this is not always possible due the continued impact of past trauma, or because of the availability of the right match. In these circumstances, we wish to strengthen the role of residential provision as an intervention which prepares for the transition to a family placement or return home.

Any success in increasing capacity in Dorset is predicated on the successful implementation of a strategy to reduce the overall number of children in care.

- 1.3 The business case recommends a combined strategy to establish placement sufficiency:
- Change commissioning approach - block contracting, or a similar vehicle, to identify providers who will guarantee access to a number of placements
 - Hybrid provision - where DC owns or leases properties which providers use to run children's homes, or which are directly provided by DC.
 - Use existing, or new, sources of capital investment, such as a Social Impact Bond, to buy or build additional capacity in the residential estate for Dorset

2.0 Strategic Case

2.1 The case for change

- 2.1.1 The number of children in care has risen nationally by 17% in the years 2010 to 2018. In Dorset the number of children in care has risen from 344 in 2013 to 427 in April 2019, peaking at over 500 in early 2017. Meanwhile the number of children per 10,000 who are in care has risen to 64 from 60 nationally between 2013 and 2019. The rate of increase in Dorset has outstripped the national rise – rising from 44.4 per 10,000 in 2013 to 62.7 in April 2019. In addition, Dorset's rate per 10,000 has gone from being lower than south west authorities and statistical neighbours to exceeding both.
- 2.1.2 During the last five years, the use of residential placements nationally has increased by over 8%. Within this increase there has been a reduction of children placed within the local authority boundary and in local authority run children's homes and a substantial increase in children placed in nearby or distant placements run by 'for profit' organisations.
- 2.1.3 In the current financial year, a spend of £11,158,142 is forecast for residential care, and secure accommodation, with an average annual cost of £242,575 per head. This assumes that numbers of children, and individual placements costs remain stable.
- 2.1.4 At time of writing, 178 children are placed in external placements. Of these, 20% (35) are placed with providers in Dorset. Of the external placements which are out of county, 60% (101) are placed in authorities which border Dorset.
- 2.1.5 The issue is more acute with respect to residential care. 46 children are placed in external placements, but only 3 of these are in Dorset. A further 21 are placed in neighbouring authorities. This means that children who are deemed to require residential care are more likely to have this provided in distant placements if it cannot be sourced within Dorset.
- 2.1.6 This is a poor outcome for the local authority as it adds to placement cost and to care planning and monitoring costs. It will also usually be a poor outcome for the young person as they are placed far from family and friends and experience disruption to their care, education and health provision. They will have less resilience and will potentially be more vulnerable to various forms of exploitation, including through county lines networks.
- 2.1.7 The National Audit Office report Children in Care was able to map the national mismatch between the number of children's homes in local authority areas, and the number of children in care – with patterns of over and under supply across the country. The NAO was also unable to establish a link between house prices and the cost of residential provision with evidence that market pressure was the driver of cost differentials.
- 2.1.8 The 2015 report Financial stability, cost charge and value for money in the children's residential care market from the Institute of Public Care at Oxford Brookes analysed in more detail the nature of the market for children's residential care noting:
 - 2.1.9 The market is not stable, and many providers struggle to maintain a viable business
 - 2.1.10 The market cannot be understood in isolation as it interacts with the market for family placements and secure accommodation.
 - 2.1.11 The premise of this business case is that, although work will need to take place to both reduce the number of young people entering the care system, and increase the

proportion who live in family placements, there will be a continuing need to have access to residential care for Dorset children, and that it should be available in Dorset. The business case reviews the options for achieving this outcome.

2.2 Alignment with commissioner objectives/priorities

- 2.2.1 Dorset is currently in the bottom ten local authorities in England for the number of children placed more than twenty miles from home. While it is sometimes necessary to place children some distance from their home, either for their own protection or to access specialist services, in most cases, placement closer to home will enable a child to maintain contact with family and friends, continue at their existing school, and continue access any specialist support services.
- 2.2.2 At time of writing, 178 children are placed in external placements. Of these, 20% (35) are placed with providers in Dorset. Of the external placements which are out of county, 60% (101) are placed in authorities which border Dorset. This pattern suggests that some determined engagement with the market might be able to either bring providers into Dorset or unlock existing provision in Dorset so that the number of children placed within the local authority can increase.
- 2.2.3 Approaches to sufficiency include:
- 2.2.4 Frameworks – Dorset Council is a member of a number of framework arrangements for residential and fostering provision. This approach uses the bargaining power of a consortium of local authorities to set a pricing framework with providers, but it does not guarantee access to placements as such. There is a view that we have reached the limit of the benefits which can be delivered by a framework approach.
- 2.2.5 Block contracting – Dorset Council's predecessors were wary of entering into block contract arrangements with providers, however in retrospect, given the continuous rise in numbers of looked after children, this approach would have carried very little risk of over provision, and would have potentially locked in local or sub-regional providers in a relationship which would have guaranteed access to local placements. The price lever in this instance is the guarantee of continuous business from a single local authority rather than access to a preferred provider list of a consortium.
- 2.2.6 SIBs – There has also been little appetite for Social Impact Bonds in predecessor although they would be worth exploring to either fund additional preventive capacity, or provide the capital for new residential provision.
- 2.2.7 In house fostering – Dorset Council has issues around recruitment of and support to in house foster carers. The current cohort has not grown in line with the rising numbers of looked after children, and there is a perceived lack of resilience in the system which leads to placement instability and rising costs as placement escalate. While there is work to be done to improve the service, or put it at arm's length, it will also be important to avoid an in house first policy for placements – making the best match on the basis of identified need is likely to result in more stable placements, improved outcomes, and reduced cost over time.
- 2.2.8 External fostering - a substantial number of children looked after by other local authorities live in Dorset with external providers – could these placements be rededicated to Dorset children?
- 2.2.9 Market shaping – there has been a lack of market engagement and dialogue with providers. Such an approach could either guarantee access to provision in Dorset, stimulate inward investment by providers, or lead to innovation.

2.3 Fit with national policy

- 2.3.1 The introduction to the 2010 statutory guidance Securing sufficient accommodation for looked after children states.
- 2.3.2 'This statutory document seeks to improve outcomes for looked after children and young people by providing guidance on the implementation of section 22G of the Children Act 1989 ('the 1989 Act').¹
- 2.3.3 This section requires local authorities to take steps that secure, so far as reasonably practicable, sufficient accommodation **within the authority's area** which meets the needs of children that the local authority is looking after, and whose circumstances are such that it would be consistent with their welfare for them to be provided with accommodation that is in the local authority's area ('the sufficiency duty').'

2.4 Customer/user needs – current and future

- 2.4.1 Children in care consistently report that they would prefer to live somewhere where they can maintain contact with friends and family, and continue to attend their school.
- 2.4.2 Maintaining an existing school place is important for continuity of education and maintenance of peer relationships. Having sufficient provision close to home means that children are at less risk of exclusion, and that schools are less likely to see an increase in the number of looked after children on roll if they are near to a children's home.
- 2.4.3 Little recent work has been done recently around analysing care pathways, but prior experience would suggest that only a proportion of children in residential care require residential, or require it as a long-term option. Many children are in residential care because they have been previously been in foster placements that are not sufficiently resilient/supported and these have broken down, or because there are no suitable foster placements available in the market at the time of placement.
- 2.4.4 Nevertheless, it is likely that there will be a continuing need for residential homes – some catering to specialist needs, but most providing group living opportunities for young people who cannot live with their parents.
- 2.4.5 If Dorset Council is able to reduce its looked after children population to the target level of 395, there is still likely to be a need for 30-40 places in children's homes. Achieving this level of provision in Dorset will require a staged approach, and will be dependent on a reduction of total numbers in care and an increase in the number, range, and quality of foster carers.
- 2.4.6 Commissioners and social care managers can become over focussed on temporary swings in need, however homes can be repurposed and statements of purpose can be revised, so the overall need would be for
- A range of domestic properties in towns and large villages with good access to local services and schools and public transport links
 - A network that can manage fluctuations in need by maintaining voids or mothballing
 - A skilled and stable workforce

It is envisaged that a flexible and sustainable range of provision might include

A core residential hub of up to 6 beds, with range of spokes to enable appropriate provision to meets young peoples' needs (singleton placements, specialist foster carers, supported lodgings), and an outreach capability. North Yorkshire's No Wrong Door is an evidenced based model for this type of provision.

- Increased capacity of residential provision for children who have a disability – to enable more young people to continue to attend local special schools
- Increased opportunities for therapeutic respite such as a residential farm to support young people maintain their placements
- Secure accommodation for those young people who have been identified as vulnerable and at significant risk by the Courts and Children's Services. This could be a traded service which would cover its costs as there is a national shortage of secure children's homes.

2.5 Improvement of current service delivery arrangements

Dorset Council has, or has recently had, the following homes available for children in care:

1. The Cherries is a 6-bed home in Weymouth for children with severe learning disability and/or autism. After a lengthy period of Ofsted assessment as either Good or Outstanding, the most recent inspection resulted in a judgment of Requires Improvement. Annual Budget is £1.5 million. When fully occupied this results in a weekly cost of £4.8k per placement with the children generally needing 2:1 staffing. The home was originally designed as a short break facility for children who are disabled, when it had capacity to accommodate 12 children, and provide some day activity. It has a large property footprint and is an area with potential for housing development. Sale of the site could potentially bring in funding which could provide a home for this group of children in a less institutional setting.
2. West End House was a home for four 11 to 18-year olds of either gender. This was a rural home and one of the four bedrooms was a separate flat to support a young person with preparation for independence, or provide accommodation for children who did not readily manage group living. West End House was closed in 2017 following inadequate inspection by Ofsted. At the time of closure, the annual budget for the home was just under £600k. When fully occupied this would result in a cost per placement of £2.9k. the premises has now been sold.
3. Maumbury House was a home for five 11 to 18-year olds of either gender. This home was in the centre of Dorchester and closed in 2018 following repeated Requires Improvement findings from Ofsted inspection. At the time of closure, the annual budget for the home was just under £600k. When fully occupied this would result in a cost per placement of £2.9k. The home was seldom fully occupied, and staff struggled to keep the children who lived there safe. At one point, calls from staff to the police exceeded all other emergency calls from Dorchester and Weymouth. The premises have now been sold.
4. Hayeswood Bungalow is a former family centre in Wimborne which was been repositioned to provide a crash pad facility.

2.5.1 Dorset Council currently has placed 46 children in children's homes and special schools run by external providers. As stated previously, only 3 of these are in Dorset. A further 21 are placed in neighbouring authorities. This means that children who are deemed to require residential care are more likely to have this provided in distant placements if it cannot be sourced within Dorset.

2.6 Potential scope for further development/scalability

2.6.1 There seems little doubt that the current arrangements can be improved with a range of improved outcomes for children, and cost benefits for the authority. The issue is how should additional residential provision in Dorset be sourced, and how quickly can it come online.

2.6.2. Revenue costs will continue to be high and will be reduced by two factors:

2.6.3 A reduction in overall LAC numbers reduces pressure for residential placements

2.6.4 Initiatives to bring children's homes into Dorset bring marginal reductions in placements costs, and reduce case management costs.

2.6.5 The No Wrong Door model mentioned above would cost in the region of £900,000 per year for the residential component alone (based on previous in-house provision costs), but this would be offset against some £1,500,000 which would be incurred if the same number of beds were bought from external providers (based on current average cost).

2.7 Benefits and risks

2.7.1 The main benefits would be:

- Marginal reductions in placement cost, and in case management and review cost
- Greater ability to manage care pathways for individual young people, and as a result manage costs
- Reductions of risk around regulatory compliance, reputation, judicial challenge and complaints.

2.7.2 The main risks would be:

- Failure to implement a children in care reduction strategy means that numbers continue to rise and the system continues to overheat
- Failure to modernise the fostering service, or secure sufficient external fostering provision, means that demand for residential beds continues to be driven by system failure
- Residential homes do not come online at a point in time when they can contribute to the necessary savings, and the investment becomes a further cost burden.
- Cost of implementation increases due to changes in property market or construction industry
- Insufficient appetite to collaborate by providers

2.8 Constraints and dependencies

2.8.1 Constraints include:

- Funding available for this initiative
- Availability of suitable property or land
- Co-operation of partners and providers

2.8.2 Dependencies include:

- The Building Better Lives programme
- The Children in Care reduction Strategy
- Modernising Fostering
- The Front Door

3.0 Recommendations

3.1 Change commissioning approach – use block contracting, or a similar vehicle, to identify providers who will guarantee access to a number of placements.

Work is underway to develop this approach. A market engagement event is planned for late September.

Target date January 2020

3.2 Hybrid provision - where DC owns or leases properties which providers use to run children's homes, or which are directly provided by DC.

Work is underway with colleagues in the Place directorate to identify suitable properties or plots within the DC land and property portfolio, and links with the Building Better Lives programme will identify any opportunities arising from this.

Target date January 2020

3.3 Use existing, or new, sources of capital investment, such as a Social Impact Bond , to buy or build additional capacity in the residential estate for Dorset.

Although work has previously been undertaken around SIBs, further work will be necessary on the business case for investment.

Target date January 2020