

	<p align="center"><b>Cabinet</b> 22 May 2023</p>
	<p align="center"><b>Report from the Corporate Director of Children and Young People &amp; Corporate Director, Finance and Resources</b></p>
<p align="center"><b>Brent Residential Children’s Care Home Outline Project Business Case</b></p>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	None
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	<p>Shazia Akram, Head of Forward Planning, Performance and Partnerships <a href="mailto:shazia.akram@brent.gov.uk">shazia.akram@brent.gov.uk</a></p> <p>Neil Martin, Head of Capital Programmes (Schools) 020 8937 4203 <a href="mailto:neil.martin@brent.gov.uk">neil.martin@brent.gov.uk</a></p>

## 1.0 Purpose of the Report

1.1 This report sets out the intention to provide a Residential Children’s Care Home in Brent following the successful application for capital funding from the Department for Education (DfE) Children’s Home Capital Programme. The report requests Cabinet approval of the outline project business case to allow for officers to identify a suitable property and any required building works and the proposed operating model of the care home.

## 2.0 Recommendation(s)

That Cabinet:

- 2.1 Approves the Brent Residential Children’s Care Home outline project business case.
- 2.2 Approves the delegation of authority to approve the final capital project budget,

project objectives and proposed savings and the operation of the care home to the Corporate Director, Children and Young People in consultation with the Corporate Director, Finance and Resources and the Lead Member for Children, Young People and Schools.

### **3.0 Detail**

- 3.1 In June 2022, the DfE opened applications for its Children's Home Capital Programme Wave 2. This provided an opportunity for local authorities to apply for matched capital funding to create additional provision in residential children's homes for children and young people in their own local area, with capital made available between Autumn 2022 and March 2025.
- 3.2 The Council's bid to the DfE's Children's Home Capital Programme was submitted on 9 September 2022. On 17 November 2022, the Council received a letter which confirmed the bid was successful. This notified Brent that it would be awarded a budget of £1.1m for the development of a residential children's care home in Brent subject to 50% match funding from the local authority.
- 3.3 The Council faces a number of challenges in securing local residential placements for children and young people. At the time of submitting the funding bid the average distance from the young person's home address to their residential home was 24.4 miles. The average weekly cost of a residential placement was £4,700 per week in August 2022, which was above the national average of £4,500 and the highest residential placement at the time was £10,597.
- 3.4 The current highest weekly residential placement cost is £17,122 per week for a young person placed 130 miles away from Brent. The next two highest cost placements both with the same provider are 300 miles away and cost £13,906 and £13,726 respectively. There are six fewer young people placed in a residential home currently than in August 2022, but the average weekly cost is £3,039 higher at £7,739 per week (06 March 2023). This demonstrates the need for a residential children's home in Brent. It is to be noted that in light of rising inflation, providers are very likely to seek inflationary uplifts in the coming financial year. This will increase pressure on the placements budget.

### **Project Proposal**

- 3.5 The project will deliver a four-bed residential step-down home within Brent for looked after adolescents with social, emotional and behavioural needs. The home will provide three bedrooms for a step-down provision to prepare young people who are in residential settings away from the borough for a move into a local fostering placement, supported accommodation (if 16+) or to return home. The remaining one bedroom will be allocated for emergency placements to enable a short-term response for children in crisis.
- 3.6 The home will focus on young people who need support to successfully re-integrate into their home community, providing access to local services and helping the transition towards independence whilst being closer to their family

and friend networks. It will follow Brent's practice framework, enabling greater connection with social work services within the Children and Young People department. The home will enable improvements in employment, education, and training outcomes for young people, reduce the number of young people living outside of the borough and the distance at which they were placed, and reduce the average cost of placements.

- 3.7 The Council will seek to purchase an existing 5/6 bedroom residential property within the borough which will be re-modelled. Four of these bedrooms will be for young people and the extra one or two bedrooms will provide a staff bedroom and staff facilities/office. At the time of drafting this report there are no suitable Council owned properties surplus to requirements.
- 3.8 The proposed residential home would generate an estimated annual cost avoidance saving of at least £169k and up to £461k a year against the children's placement budget. This amount would be directed towards the cost of managing the proposed residential home. Brent would be able to shape the use of the provision according to demand and need to support children and young people's complex needs. The proposed residential home would be focused on enabling young people to exit residential care in a quicker timescale than currently, through transition to lower cost fostering or supported accommodation. Currently it is difficult to find step-down provision for the cohort in residential provision who are aged 16 and above, and when they transition to living in semi-independent provision, they often require additional support.

### **Project Objectives**

- 3.9 The capital project is estimated to cost up to £2.2m. The DfE required 50%/50% match funding from the LA as part of the bid submission. Therefore, the Council's contribution will be up to £1.1m for the purchase and remodelling of a residential home to create a four-bed residential home in Brent.
- 3.10 The revenue project is estimated to cost £0.9m for staff resources and a further £0.2m for running costs. The running costs include the repayment cost of borrowing £1.1m over 40 years. This will be funded from the existing placements budget for residential care.
- 3.11 By delivering this project the Council will achieve savings by using the residential children's care home as a step-down provision to enable young people to move into fostering or supported accommodation (if aged over 16) sooner than would otherwise be the case, and at a lower weekly cost than the current average cost of a residential placement.

### **Project Benefits**

#### *Social benefits*

- 3.12 The main social benefit is that young people will continue to receive care and support in their local community. This will promote their sense of well-being and provide continuity at a critical time in their lives and means that they will not

lose their social, peer and familial connections. Their access to education, employment and training opportunities will not be disrupted and therefore the likelihood of young people becoming NEET (not in education, employment, or training) will reduce. Additionally, young people will be able to participate in local events and youth projects with their peers. This will also benefit social workers and reduce their workload because they will not be traveling long distances. They are more likely to support a greater proportion of young people as their work will keep them in the local area.

#### *Financial benefits*

- 3.13 Based on the scenario of a four-bedroom children’s home, savings are estimated to be £0.169m against the highest cost emergency placements (currently £10,597 for 1 x emergency placement) and £0.292m for the other residential placements (currently £7,739 based on average costs for 3 x residential placements), totalling £0.461m. It is assumed that the saving against emergency placements is the most achievable in the first year of operation. Assumptions for cost avoidance are set out in Table 1.

<b>Table 1 Cost avoidance based on 4 bedrooms</b>			
Indicative average weekly residential cost for individuals requiring an emergency bed	Indicative weekly cost of proposed Brent’s children’s home placement	Weekly saving	Cost Avoidance - Saving costs against 2 x 16-week placements
<b>£10,597</b>	<b>£5,309</b>	<b>£5,288</b>	<b>£169,216 (expected year 1 saving only)</b>
Indicative average weekly residential cost for individuals requiring a residential bed	Indicative weekly cost of proposed Brent’s children’s home placement	Weekly saving	Cost Avoidance based on 3 beds over 1 year at 77% occupancy
<b>£7,739</b>	<b>£5,309</b>	<b>£2,430</b>	<b>£291,892</b>
<b>Estimated Yearly Cost Avoidance</b>			<b>£461,108</b>

#### **Project Assumptions**

- 3.14 Table 1 above shows indicative cost avoidance/savings calculations that are based on the following updated assumptions as of 6 March 2023:
- 19 children and young people are currently placed in a residential home and the average cost of these placements is £7,739 per week
  - The expected weekly cost for a Brent run residential home with 4 bedrooms is £5,309 per week per placement
  - The residential children’s home would support individuals for an average of 16 weeks. This would enable up to nine young people to be supported each year, with the fourth bed kept as an emergency placement bed. Savings

estimates are, however, based on seven young people (77% occupancy rate to reflect likely matching issues). The indicative cost avoidance for the emergency bed equates to £169,216 per annum and £14,101 per month and it is expected that this can be achieved in the first year

- The indicative cost avoidance of placing a child in the proposed Brent residential home costing an estimated £5,309 versus a private provider at £7,739 is estimated as £2,430 a week. However, to build in an occupancy rate that assumes the home may not be running at 100% capacity, it is estimated that the cost avoidance could be £1,871.10 per week (i.e. £2,430 multiplied by 77%), £8,108.10 per month per child and £97,297.20 per annum per child. For 3 placements, this represents a total cost avoidance of £291,892 annually.

3.15 The Council will base the design of the property on the current Ofsted inspectorate guidance. The Council's Capital Team has and will take guidance from colleagues in the Children and Young People's Department as to what does and does not work for residential home design. The property is proposed to include the following areas subject to final decision making:

- Children's bedrooms x three (Stepdown)
- Children's bedroom x one (Crisis/emergency)
- Staff bedroom
- Bathroom facilities
- WC's
- Staff office/welfare area
- Therapy/intervention space
- Communal kitchen and communal living area
- Landscaping

3.16 The preferred operating model for a Residential Children's Home in Brent is yet to be determined. The options are for Brent Council to run the home directly or for Brent to commission an external provider to provide services on its behalf. Proposals for the operating model will be developed and taken through necessary governance channels for approval in a timely way in 2023 to enable time for a provider to be commissioned (if this is the preferred operating model) or for staff to be recruited and trained (if in-house is the preferred operating model).

### **Project Management**

3.17 In managing the project, the Council will provide the following services either internally or procured externally:

- Project management including:
  - Budget and cost management
  - Programme management
  - Stakeholder engagement including with Members
  - Risk and issue management
  - Procurement activities

- Contract administration
  - Governance over the project to enable oversight and direction
  - Legal advice
  - Procurement advice
  - Technical expertise from a full design team
- 3.18 The Council will be responsible for obtaining all necessary approvals to undertake the capital project including planning approval and building control approval.

### **Options Appraisal**

*Option 1: To purchase a 5/6-bedroom property of circa 200m<sup>2</sup> within Brent*

- 3.19 The standard residential care home model is a family home that offers four or five placements. Option 1 would involve purchasing a residential property to convert to a home for up to four young people, alongside accommodation for care workers. This would also make the residential home feel more homely to young people as it would look and feel more like a residential property. The capital cost would be lower than identifying a site and building a bespoke home. **This is the recommended option.**

*Option 2: Refurbish an existing council building*

- 3.20 This has already been explored with colleagues in Property and there are no current residential properties surplus to requirements. One vacant commercial property called Grove Park Pavilion is being investigated. This option is likely to involve a lower capital cost overall than purchasing a property but has the potential to incur greater costs to convert the property into a residential care home for children. Converting an existing Council building may not provide the homely feeling we want to provide our young people with.

*Option 3: Join other London authorities as part of a consortium*

- 3.21 Officers explored opportunities for jointly bidding with another LA prior to any bid being submitted. This option was not viable within the timeframe required to submit a bid to the DfE.

*Option 4: Do nothing or reject the funding*

- 3.22 The DfE has indicated there will not be any future capital funding, so the Council would not have another chance to subsidise the costs of delivering the children's residential home. Also doing nothing will not provide the opportunity to place young people in a Brent provision and will not help to lower the average weekly cost of a residential placement.
- 3.23 Option 1 to purchase and refurbish a property is the **recommended option**. Option 2 (refurbish an existing council building) will continue to be considered until it is deemed unviable, either because it is not available, it cannot provide

the required number of bedrooms following conversion or costs outweigh the conversion of a purchased residential property. Ward councillors will be informed and provided an update as soon as a suitable property is confirmed.

### **Alignment with Strategic Objectives**

- 3.24 The project aligns with a range of statutory duties as laid down the Children Act 1989, the Children Act 2004, the Children Leaving Care Act 2000 and the Children and Social Work Act 2017. The Council has statutory responsibilities in relation to support children and young people.
- 3.25 The development of a residential home in Brent will help towards the Children and Young People departmental priorities:
- Narrow the gap for vulnerable children and young people in Brent
  - Develop and deliver local responses to national policy direction and be agile to effectively look ahead to plan for future changes
- 3.26 The project also aligns with the Brent Borough Plan 2023-2027 outcomes:
1. Prosperity, Pride and Belonging in Brent
    - Easing the cost-of-living Crisis
  2. A Cleaner, Greener Future
    - A cleaner, safer borough
  3. The Best Start in Life:
    - Raised Aspirations, Achievement and Attainment
    - Young People are Seen and Heard
- 3.27 Enabling more children and young people to stay in the borough means they will have greater opportunities to participate in and contribute to the Brent community. They will receive local services to ensure wrap around support is provided to enable them to be fully equipped to succeed in adulthood as they become care leavers

### **Indicative Capital Programme**

- 3.28 Table 2 below sets out the timescale to obtain necessary capital approvals, purchase and develop a property, and an expected opening date. For the funding application, Brent would need to demonstrate both the capital project milestones through the RIBA stages as well as the operational set-up of the home. These are detailed in table 2 below.

<b>Table 2</b>	
<b>Milestone</b>	<b>Date</b>
Internal Project Approval	October 2022 – May 2023
Procure Consultants	May 2023 – July 2023
Purchase Property	May 2023 – August 2023
Design refurbishment (RIBA 1 – 4)	July 2023 – December 2023
Contractor Procurement	January 2024 – March 2024
Construction Works (RIBA 5)	April 2024 – December 2024
Practical Completion / handover (RIBA 6)	December 2024
Home opens and in operation (RIBA 7)	January 2025

- 3.29 The project plan will be reviewed and updated as the project progresses and will be monitored through the Council's capital project governance processes to ensure the project meets required benefits and allocated budget.
- 3.30 The project plan includes a twin track approach to take into account the two potential operating models of the residential home. This includes the recruitment and registration of staff and managers for a local authority run residential home, and/or the commissioning of an external provider. Both options are scheduled to be completed prior to the funding deadline of March 2025 and the project plan will be updated when a decision about the operating model is made.

### **Procurement**

- 3.31 The Council will appoint a Multidisciplinary Technical Advisory Organisation. They will provide project management services, design services, cost consultancy and Principal Designer services. This organisation will be procured using a quotation process and will deliver stages RIBA 1-7.
- 3.32 It is likely that further one-off appointments will be made throughout the project for specialist services such as surveys to ensure full details of any renovation works are completed sufficiently to obtain fixed prices from contractors.
- 3.33 The Contractor is proposed to be appointed using a Framework or a quotation process (value dependent). The contractor will be appointed using a JCT Contract and will commence works/services from RIBA 5 onwards.
- 3.34 Before invitations to tenders are sought from the contractors on the framework, an initial period of time is provided to the contractors to confirm their interest and whether the project can be delivered in the proposed timeline and budget. This gives both parties the opportunity to review in order to ensure expectations are measured before committing to tendering.
- 3.35 The above will consist of very low value, low value and medium value contracts. Proposals for tender opportunities will be issued via separate reports requiring approval.



## **Risks**

3.35 A detailed risk register will be created for this project. However, the main risks to this project are:

1. Cannot identify a suitable home to purchase and convert in Brent within the capital funds available
2. Unable to meet the DfE timescales for completion of the project
3. Business case for 50% match funding is not approved by Cabinet
4. Site identified for other Council requirements, causing the project to stop or be revised after development work has begun
5. Local residents do not support the project resulting in delays during consultation which then impacts on construction
6. Lack of interested contractors during procurement
7. Increased demand within the construction industry meaning price increases above inflation leading to unaffordable projects and calls on additional financial contributions
8. Planning approval not being granted

## **Assumptions**

3.36 The following assumptions for this programme have been made:

- The Council grants the 50% match funding
- The Council is able to procure necessary technical expertise at the timescales required to develop the project
- The Council is able to recruit staff if it is decided in-house delivery is the preferred operation model
- The Council is able to register the care home if it is decided in-house delivery is the preferred operation model
- Or the Council can attract an external supplier to operate the care home if a commissioned service is the preferred operating model
- Planning approval can be achieved

## **4.0 Financial Implications**

### **Capital Cost Implications**

4.1 The purchase and refurbishment costs of a Brent residential property in Table 3 below are based on current market prices. It should be noted that the property acquisition costs are indicative, and a cheaper property could be purchased, depending on the location and current condition. It is proposed these are maximum levels for the purposes of this outline business case and that the final required costs are confirmed as part of the full project business case once a suitable property is found.

<b>Table 3</b>	
<b>Cost to be incurred</b>	<b>Estimated cost</b>
Cost of 5 / 6 bed property	£1m to £1.5m
Fit out costs at £3000/m <sup>2</sup>	£600,000
<i>Total cost</i>	<i>£2,000,000</i>
10% contingency	£200,000
<b>Total cost</b>	<b>£2,200,000</b>
<b>DfE Capital sum</b>	<b>£1,100,000</b>
<b>Funding required from the Council</b>	<b>£1,100,000</b>

- 4.2 Council officers successfully bid for capital funding of £1.1m from the DfE. This was under the assumption that the Council would fund 50% of the total project costs. This means the Council would need to fund £1.1m of the projected costs. There is no available capital funding and so the Council would need to borrow £1.1m. The borrowing costs for this are included in the running costs for the care home below.
- 4.3 It should be noted that the £1.1m is the maximum funding available from the DfE. If the project costs were to be lower than proposed in table 3, then the DfE funding will be 50% of these costs.

### **Revenue Cost Implications**

- 4.4 The overall indicative annual cost of running the home is estimated to be £1.1m, with an average weekly running cost of £5,309 per placement assuming a four-bed home. The annual cost includes £0.9m for staffing costs for the home (registered manager, deputy manager, care staff, catering and business support staff) and £0.2m for maintenance and running costs, including payments towards the annual cost of borrowing. The weekly placement cost remains lower than the current average weekly residential costs paid to private providers by Brent.
- 4.5 The revenue budget modelling is built on the assumption that of the £7m current budget available to fund residential placements for children and young people, £1.1m will be diverted to cover the revenue cost of the Brent residential children's home. In summary, if a decision is taken to manage the residential care home in-house, the current placement budget will cover the estimated annual revenue cost.
- 4.6 The modelling assumes that the children and young people to be placed in the Brent residential home are those currently identified as living within high-cost placements. At a later stage, if a decision is taken to attract an external supplier to manage the home, there could be an additional cost for a management fee, which has not currently been factored into the revenue figures as this cost is not known.

### **Cost avoidance**

- 4.7 The placements budget over the past few years has been under significant pressure because of factors such as inflationary increases, increased

complexity of children and young people's needs and competition within the market for places and emergency placements costing significantly more than the average. The decision to set up an in-house provision could enable the local authority to begin to manage down these pressures.

- 4.8 The projected estimated cost of running the home is estimated to be £5,309 per week at current prices. In 2022/23, the average weekly cost spent on placing a child in a residential private provision with complex needs was £7,739 while the average weekly cost of an emergency placement was £10,597 per week. If a child was placed in a Brent Council run home, the cost difference is estimated to be around £2,430 for a complex case and £5,288 for an emergency placement.
- 4.9 The modelling assumes that the residential children's home would support individuals for an average of 16 weeks. There will be options for children to have longer-term placements where this in line with their agreed care plan. The modelling assumption of 16-week placements would enable up to nine young people to be supported each year, with the fourth bed kept as an emergency placement bed. It is assumed that the in-house provision may not be fully occupied all year round so a 77% occupancy rate has been applied to the estimated cost avoidance figure.

## **5.0 Legal Implications**

- 5.1 A children's residential care home run by Brent Council either directly or via a commissioned provider supports the LA in delivering a range of statutory duties as laid down the Children Act 1989, the Children Act 2004, the Children Leaving Care Act 2000 and the Children and Social Work Act 2017.
- 5.2 Following submission of the bid to the DfE's Children's Home Capital Programme, the Council secured endorsement from individual Cabinet Members in relation to their portfolio area in consultation with the Leader in accordance with paragraph 13 of Part 3 of the Constitution, for the submission of bids for additional resources from government.
- 5.3 The Corporate Director of Children and Young People has delegated authority pursuant to paragraph 9.5 of Part 3 of the Constitution and Financial Regulation 8.2.2 of Part 2 of the Constitution to enter into a grant funding arrangement. In doing so, the Corporate Director must ensure that the objectives of the grant agreement are consistent with the Council objectives and priorities in accordance with Financial Regulation 9.1.2.
- 5.4 As the Council will be an accountable body in respect of grant funding and in accordance with Financial Regulation 9.1.1, the Corporate Director must only exercise delegated powers to enter into grant funding arrangements where the Corporate Director, Finance and Resources approves entry into such arrangement.
- 5.5 The DfE funding must be match funded on 50%/o50% basis as a minimum. As detailed at paragraph 6.2 approval would need to be sought through the

Council's governance process for the capital required to match fund, to include seeking Cabinet approval.

- 5.6 The development of a children's residential care home in accordance with this project business case would require the procurement of a range of construction and consultancy services contracts, all to be procured in compliance with the Council's Constitution and the Public Contracts Regulations 2015. If the intention is to outsource delivery of residential children's services, this would similarly be subject to such procurement requirements.

## **6.0 Equality Implications**

- 6.1 The Council must, in the exercise of its functions, have due regard to the need to:

- a. eliminate discrimination, harassment and victimisation
- b. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- c. foster good relations between persons who share a relevant protected characteristic and persons who do not share it

pursuant to s149 Equality Act 2010. This is known as the Public Sector Equality Duty.

- 6.2 Under the Public Sector Equality Duty, having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.

- 6.3 The Public Sector Equality Duty covers the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

- 6.4 There is no prescribed manner in which the Council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary. The proposals set out in this report aim to ensure that there are sufficient and suitable residential care home placements for all Brent children and that their diverse and special educational needs are met.

## **7.0 Consultation with Ward Members and Stakeholders**

- 7.1 The Cabinet Member for Children, Young People and Schools has been informed of these proposals.

7.2 Once the property has been identified and purchased, Ward Members will be kept up to date on the project progress including planning application submissions, works starting on site, etc.

## **8.0 Human Resources/Property Implications (if appropriate)**

8.1 The operating model of the provision has not yet been determined. One option is for Brent is to run the residential home directly as is the case for the Ade Adepitan Short Break Centre. This is run under the Children's Homes (England) Regulations 2015 and the residential home would be run under the same regulations.

8.2 The property would be purchased from the open market (should any suitable existing Council property not be available). The Council would be the freeholder of the property. Should the provision be operated by a third party, a lease would be entered into with the provider for the maintenance and upkeep of the property.

**Report sign off:**

***Nigel Chapman***

Corporate Director of Children and Young People

**Report sign off:**

***Minesh Patel***

Corporate Director of Finance and Resources