

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

7 MARCH 2013

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Lead Cabinet Member – **Councillor McCoy**

CHILDRENS SOCIAL CARE – RESIDENTIAL PLACEMENTS

1. Summary

This report provides an update on the development of provision in the Borough for youngsters currently placed in out-of-borough social and education placement and seeks Cabinet approval to progress a joint venture partnership and to agree the acquisition of properties for care facilities and the renovation of King Edwin School

2. Recommendations

1. Cabinet approve the establishment of a joint venture partnership with Spark of Genius to deliver care and education to children with complex needs. Final legal agreement to be delegated to Director of Law & Democracy.
2. Agree to the acquisition of properties for care facilities and the renovation of King Edwin school to be funded from the transformation reserve.

3. Reasons for the Recommendations/Decisions

Agreement to the recommendations will enable officers to progress the proposal to secure social and education provision for youngsters currently placed out of Borough.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or

- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

AGENDA ITEM

REPORT TO CABINET

7 MARCH 2013

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

CHILDRENS SOCIAL CARE – RESIDENTIAL PLACEMENTS

SUMMARY

This report provides an update on the development of provision in the Borough for youngsters currently placed in out-of-borough social and education placement and seeks Cabinet approval to progress a joint venture partnership and to agree the acquisition of properties for care facilities and the renovation of King Edwin School

RECOMMENDATIONS

1. Cabinet approve the establishment of a joint venture partnership with Spark of Genius to deliver care and education to children with complex needs. Final legal agreement to be delegated to Director of Law & Democracy.
2. Agree to the acquisition of properties for care facilities and the renovation of King Edwin school to be funded from the transformation reserve.

BACKGROUND

1. Members will be aware from the regular financial update reports to Cabinet, of the financial pressures associated with Looked After Children. One aspect is the increasing numbers of children who have complex needs and need 52 weeks care and education provision. As the Council does not own and provide such facilities, many of these children are placed out of the Borough.
2. At the current time we have 37 children costing approximately £4.6m per annum for residential social care. This has increased significantly in recent years from 20 children costing £1.8m in 2009/10. In addition to this, the cost of the education element to the placement is met from Dedicated Schools Grant.
3. This area has been considered as part of the work around the Childrens Social Care 'Big Ticket' workstrand and Members will recall that a decision was made by Cabinet in February 2012 to defer the demolition of the former King Edwin site, whilst opportunities were explored.

DETAIL

4. An extensive procurement exercise has been undertaken which sought innovative solutions including the potential use of the building to generate financial savings and improved outcomes for the children.
5. A number of proposals were received and assessed for:
 - Financial savings
 - Innovation

- Improved outcomes

6. The proposal is a joint venture partnership arrangement which will effectively mean:

- A joint venture will be established between SBC and Spark of Genius with 50:50 share.
- SBC will purchase and own a number of childrens' homes within/close to the Borough.
- SBC will renovate and own the former King Edwin site which will be used for education provision.
- SBC will receive market rent for the king Edwin site and Childrens homes from the joint venture.
- Spark of Genius will provide care and education services, manage and operate the school and be paid a management fee.
- SBC will be charged a market rate for placements but will benefit from 50% 'profit' from the partnership.
- Surplus places will be 'sold' to other local authorities.

7. The business case has been prepared based on 20 children who could be located in such facilities but are currently out of the Borough. The current cost of these children is approximately £3.5m including both the social care and education provision.

8. The cost of acquiring properties and bringing King Edwin into use is estimated at £2m and this will result in a saving of approx £400,000 per annum, if it is indeed four homes that are required. This is an excellent example of an invest to save initiative and the capital costs will be met from the transformation reserve which was established to support such initiatives.

9. Spark of Genius are committed to the partnership and in the first instance wish to establish the facilities and provide excellent services to Stockton. They are however, ambitious and will in future be looking to expand to open more facilities for care and maximise the use of the school site. There will be opportunities for Stockton to be part of that expansion as part of the partnership which would generate further revenue for the Council.

10. The initiative will also create local employment with approximately 100 jobs expected once the homes and schools are operational.

NEXT STEPS

11. Acquire properties and develop King Edwin School. It is envisaged that the school will be operational by 1 January 2014.

12. Develop detailed plans for each child with a view to moving to the aforementioned facilities in partnership with Spark of Genius.

13. Develop plans for staffing, registration for homes, etc., in partnership with Spark of Genius.

FINANCIAL IMPLICATIONS

14. The initiative will require up front investment of approximately £2m to be funded from the transformation reserve which will deliver annual savings of approximately £400,000 per year.

LEGAL IMPLICATIONS

15. A joint venture will be established which will require appropriate legal documentation and agreements to be prepared.

RISK ASSESSMENT

16. This project is considered low to medium risk. It is utilising existing buildings and investments are made following a detailed Business Case. Some risks are also shared with Spark of Genius given the nature of the partnership.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

17. This will not only benefit the Council financially, but will also improve outcomes for young children by bringing them back to the Borough where appropriate. There will also be the creation of local jobs, both in the development stage and approximately 100 permanent positions once the school and homes are operational.

EQUALITIES IMPACT ASSESSMENT

18. Not applicable

CORPORATE PARENTING

19. The majority of the children are Looked after Children and this demonstrates a positive aspect of the Council's Corporate Parenting role.

CONSULTATION INCLUDING WARD/COUNCILLORS

20. Consultation with Ward Members has been undertaken re the use of King Edwin School.

Name of Contact Officer: Lynda Brown
Post Title: Head of Education, Early Years & Complex Needs
Telephone No. 01642 527041
Email Address: lynda.brown@stockton.gov.uk