

AGENDA ITEM

REPORT TO CABINET

17 FEBRUARY 2022

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

**INVESTING IN CHILDREN – PROPOSALS TO DEVELOP FURTHER HIGH QUALITY
PROVISION TO MEET THE NEEDS OF CHILDREN IN CARE AND WITH ADDITIONAL NEEDS**

SUMMARY

This report sets out the basis of an investment strategy to ensure we can continue to meet the care and education needs of children in the Borough. It includes an assessment of current need, outlines proposals and sets out the basis of a level of future investment which is outlined in the Medium term Financial Plan report which is elsewhere on this agenda. Within the strategy are proposals for the expansion of the Joint Venture arrangement with Spark of Genius.

RECOMMENDATIONS

Members are requested to:

1. Agree the proposed strategy and note that prudential borrowing of £6m will be recommended for inclusion into the Medium Term Financial Plan, which will be considered at the meeting of Council on 23rd February 22.
2. Drawdown of this will be subject to further reports to Cabinet on the basis that the cost of borrowing will be fully covered.
3. Agree that consideration of the final business case and drawdown of the funding for King Edwin expansion is delegated to the Director of Children’s Services & the Director of Finance, Development & Business Services in consultation with the Leader of the Council.

RESIDENTIAL CHILDREN’S CARE

1. Children in care in Stockton-on-Tees are currently care for in the following provision:

Placements	Young people	Budget (£m)
In house fostering	120	2
Connected carers	169	2
Independent fostering	95	4.2
In house residential	21	2.1
External residential	65	8.8
Supported accommodation (16-17 year olds)	78	1

2. There are a number of key challenges for the Council in meeting its statutory duty to secure, as far as is possible, sufficient provision for children in care:
 - a. Market 'failure' – nationally the residential children's home 'market' is currently under examination by the Markets and Competition Authority based on concerns about the effectiveness of the market. An initial report has been published which identifies significant issues with the operation of the market currently;
 - b. Demand for places currently significantly outstrips supply;
 - c. The market is currently provider led
 - d. The market is increasingly becoming dominated by similar types of provision, driven by financial considerations and the impact of regulation;
 - e. Securing the right provision for the right price
 - f. There are emerging challenges for both public and private sectors around finding sufficiency quality staff to support provision;
 - g. Community opposition to new development
3. The impact of these issues is that there are still considerable ongoing pressures on Children's Social Care, particularly relating to the costs of children in our care, which is an issue facing the majority of local authorities. Although the number of children in care has stabilised since 2019 it has been necessary to place slightly more children in residential care at additional cost, for the reasons outlined above. This is leading to greater financial strain on the Council's Medium Term Financial Plan.
4. As part of the Council's work on sufficiency planning, a number of specific needs have been identified where the market is struggling to meet our requirements. These include more short term placements where the intention is to rebuild family or foster care placements; provision which needs more intensive therapeutic interventions; provision which can deliver bespoke packages of education on site; and provision with an enhanced offer on emotional wellbeing, trauma informed care and a focus on more personalised care and support.
5. Our strategic approach is to
 - a. Intervene early, family support, prevent the need for care where possible – there is evidence this is successful as the rate at which children enter care has reduced significantly and our rate of children in care has been stable for 2 years;
 - b. Greater social work capacity to work with families to promote return home – this is being delivered through the recently completed Children's Services review;
 - c. The opportunity for more children to be placed with connected carers where possible – 29% of children in care are placed with connected carers, double the national rate;
 - d. Greater capacity and resilience in fostering – we are introducing the Mockingbird model which supports foster carers working together to provide respite and peer support
 - e. More short term / respite / short stay provision to support families
 - f. Better commissioning and market management – the establishment of a regional commissioning support function hosted by the Council on behalf of the 12 local authorities in the North east;
 - g. More children leaving care to permanence options – going home, adoption, Special Guardianship – our rate of children leaving care on Special Guardianship Orders and through adoption is above national rates.
 - h. Revise our approach to sufficiency and especially to consider the development of more of our own provision to address market failure.
6. In order to address some of the issues above we are currently delivering a number of schemes. Within our approved capital programme, we have a scheme to purchase a 4th home for Spark of Genius, as part of the original business case approved by members in

2013. The specific proposals being explored as part of our revised sufficiency plan, and to address issues set out above for Children in our Care are:

- a. The Council to create up to 10 new places 'in house', focusing on more provision to support families and manage shorter periods in care. This will include:
 - i. a new 3-4 bed provision to work alongside Our Place as our edge of care and short stay provision;
 - ii. Remodel Oak View as a short stay facility to work alongside our existing turnaround provision;
 - iii. Opening of a new 4 bed home on Bishopton Road for longer stay, in progress now
 - iv. New intensive support approach – up to 3 smaller provisions managed as one
 - b. The Spark of Genius Joint Venture to:
 - i. Develop 4th home provision as planned;
 - ii. Develop a '5th house' to focus on learning disability / autism. The proposal currently being developed is for provision to meet the needs of children and young people with communication and interaction issues / autism and / or learning difficulties. These type of provision could be delivered through a 3-5 bed type provision and so would form a natural extension of the current business model.
 - iii. Develop longer term option for purpose built provision with attached school.
7. At this stage the working assumptions are around £900,000 for the proposed 5th house as part of the Joint Venture and £900,000 to support a new 'in house' 3-4 bed provision and for the intensive support approach.
8. Future proposals, including those outlined above, will need to be supported by a business case which is clear about the benefits and financial implications. Work to develop this is underway and will be brought back to Cabinet to support the drawdown of any agreed capital allocation.

SPECIAL EDUCATIONAL NEEDS

9. Consideration has also been given to the opportunity to develop further provision for pupils with additional educational needs. There is a an equivalent set of market issues in terms of special school placements, with an active private sector market, including the development of new provision in the Borough. Despite this, demand outstrips supply.
10. Extensive market analysis has been undertaken as part of the regional work on placements, demand and costs. A regional sufficiency strategy is being developed to provide the basis for future planning. We have used this work to inform our own sufficiency planning, which is also guided by the recently agreed SEND strategy:
- Developing and maintaining a range of local, high quality specialist provision for those who need it***
- *This means...we will strive to meet the needs of children and young people with the most complex needs within or close to Stockton-on-Tees. This will reduce the number of children and young people placed in out of Borough provision, away from their family, friends and local community. This will mean the development of local, high quality specialist provision alongside our work to enhance the capacity of mainstream schools and settings.*
11. We have also made recent investment in the development of more early years provision, creation of an extra 32 places at Abbey Hill Academy Trust and the development of an independent special school provision in the old Kiora Hall building, as well as the forthcoming Tees Valley Free School, located in Redcar and Cleveland.
12. A key immediate strand is to secure the expansion of King Edwin School. This includes:

- a. Funding for expansion (on site) to allow an increase of 36 young people in the pupil roll;
- b. Funding for maintenance and upgrade works to enable the school to continue to compete with nearby independent special schools which could have an impact on occupancy in the short to medium term.

13. The outline business case for expansion is based on the following:

- a. An extension to the current school building to create more places. The plan is to expand the capacity of the school to 120. The school was initially constructed for 50 pupils, but has been able to accommodate 80 without significant additional investment.
- b. Improving and increasing communal space and a focus on improve pupil experience and circulation in the buildings together with additional building enhancements to enable King Edwin to effectively compete with other local provision

14. Such an expansion plan would allow for more children to receive a high quality specialist education within the Borough, whilst the additional income generated is anticipated to cover the borrowing costs. The outline business case anticipates a capital cost of up to £4.2m, funded by prudential borrowing. The outline business case indicates that the savings and income generated would more than offset the borrowing costs over the period of the loan. A final business case is being developed and this will confirm the overall position and it is suggested that this is delegated to the Director of Children's Services & the Director of Finance, Development & Business Services in consultation with the Leader of the Council.

15. It is also proposed that additional work is undertaken to seek to expand educational provision further, potentially on a separate site a new location, again taking into account the needs of children being identified through the SEND sufficiency assessment work. There is also considerable interest in developing a form of provision which is focused on a trauma informed way of working, which could be developed as part of King Edwin or as a separate provision.

16. Future proposals, including those outlined above, will need to be supported by a business case which is clear about the benefits and financial implications. Work to develop this is underway and will be brought back to Cabinet to support the drawdown of any agreed capital allocation.

17. In summary, the proposals for borrowing are based on:

- a. £900,000K for additional 'in house' provision
- b. £900,000 for a specialist autism and learning difficult provision through the Joint Venture
- c. £4.2m for the expansion of King Edwin School

COMMUNITY IMPACT IMPLICATIONS

18. This report does not propose a new strategy or policy direction and as such an assessment of community impact has not been undertaken in detail. Proposals for future developments will be considered and assessed in terms of their likely impact.

FINANCIAL IMPLICATIONS

19. The investment is proposed to be funded through prudential borrowing which will be considered as part of the Medium Term Financial Plan report to Council in February 2022. The prudential borrowing repayments will be met by a combination of cost savings and profit share from the Spark of Genius joint venture. The proposals are:

20. The drawdown of the approved prudential borrowing would only be undertaken following the approval of business cases for individual schemes at Cabinet.

LEGAL IMPLICATIONS

21. There are no new legal implications from this Report.

RISK ASSESSMENT

22. There are no new risks associated with this report. Any risks associated with the location of a fourth Spark of Genius Joint Venture home will be considered in detail at that stage, as will be the case with any additional proposals.

COUNCIL PLAN POLICY PRINCIPLES AND PRIORITIES

23. The approach has clear benefits for:

- a. Protecting the most vulnerable children and young people by supporting their placement in high quality residential care where this is the most suitable placement to meet their needs.

CORPORATE PARENTING IMPLICATIONS

24. The statutory guidance on securing sufficient accommodation for looked after children (LAC) requires local authorities to secure, as far as reasonably practicable, sufficiency accommodation within the local authority area to meet the needs of its looked after children.

25. The Council's commitment to fulfilling this duty led to the establishment of the Joint Venture vehicle, which remains a key element in the Council's approach. The establishment of a fourth home, and potential fifth provision further reinforces the priority to secure the best provision for looked after children and young people. Further developments will also support the achievement of this duty and support the principles of keeping families together, and providing alternatives as locally as possible where this is not achievable

CONSULTATION INCLUDING WARD/COUNCILLORS

26. The Leader of the Council and Cabinet Member for Children and Young People have been consulted.

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Background Papers

None

Ward(s) and Ward Councillors:

Not applicable

Property

The joint venture model is based on the Council acquiring further properties. This will be progressed in line with standard practice

SPARK OF GENIUS NORTH EAST LLP

1. Cabinet approved the establishment of a joint venture partnership with Spark of Genius to deliver care and education to children with complex needs in March 2013. The following set out the basis of the proposal:
 - a. A joint venture will be established between SBC and Spark of Genius with 50:50 share.
 - b. SBC will purchase and own a number of children's homes within/close to the Borough.
 - c. SBC will renovate and own the former King Edwin site which will be used for education provision.
 - d. SBC will receive market rent for the King Edwin site and children's homes from the joint venture.
 - e. Spark of Genius will provide care and education services, manage and operate the school and be paid a management fee.
 - f. SBC will be charged a market rate for placements but will benefit from 50% 'profit' from the partnership.
 - g. Surplus places will be 'sold' to other local authorities.
2. The partnership was designed to enable looked after children with complex needs to live and be educated within the Borough. The cost of acquiring suitable properties and bringing the former King Edwin School back into use was estimated at just over £2 million but the new arrangements were expected to save the Council more than £400,000 per year.
3. Stockton Council and Spark of Genius have established a joint venture partnership called "Spark of Genius North East". Under the terms of the partnership, Stockton Council own the children's homes and the school, whilst Spark of Genius provide care and education services by managing and operating the homes and the school.
4. Previous reports to Cabinet have outlined the effectiveness of this model, both in terms of the quality of provision (residential homes and the special school) and the financial return.

The partnership

5. The partnership is governed by a Board which serves to steer the partnership, review the business model and the progress in both residential home and school implementation.
6. The analysis and challenge framework includes the following elements:
 - a. Outcomes and progress for children in the homes and school;
 - b. Financial performance of the Joint Venture;
 - c. Business 'health check' measures including staffing capacity and turnover; efficiency; business improvement and management of risk.
7. Spark of Genius NE remain responsible for the operational management of the homes and the school. This includes the management of relationships in the communities in which the facilities are located.
8. The Council continues to monitor and challenge on the progress and outcomes for children and young people in the same way as it undertakes this role for all providers of services.
9. The estimated financial benefit was originally estimated at £400,000 per year. The anticipated income from Spark of Genius for the current financial year is £860,000. The total profit share achieved since the joint venture began operating is in excess of

£3,000,000. This is in large part due to the success of King Edwin school and the significant increase in numbers.

Current provision: residential homes

10. The initial business model envisaged the establishment of four residential homes on the basis of the Council purchasing and owning the homes, with Spark of Genius providing management.
11. The Joint Venture envisaged the establishment of four homes. To date three homes have been completed and opened.
12. Each of the 3 residential homes went through some early quality issues with staff teams bedding in and children and young people being placed in new services. This led to significant community concerns. Redplains and Old Vicarage in particular received 'Requires Improvement' gradings from Ofsted. After some changes to the staffing profile and improvements in the matching process by working closely together, each service grading improved, and community issues have significantly reduced.
13. Old Vicarage now holds a 'Good' grading from Ofsted whilst Fairview and Redplains have maintained consecutive 'Outstanding' gradings. Issues raised previously by the local community at set up stage have now been alleviated and each service has very good relationships with the local communities they have now embedded in.
14. The 2 'Outstanding' gradings place these 2 services in the top 15% of residential care homes in England. Whilst statistics aren't available on services which hold repeat 'Outstanding' judgements, it is likely that these 2 homes are currently consistently graded as the best quality homes in the country.
15. Of the 15 available spaces in Spark's 3 residential care services, 13 are currently accommodated with Stockton children and young people with 2 others coming from North East local authorities. The services are currently clearly meeting the agenda to 'bring young people home' whilst giving them access to their local communities, local support services and families where appropriate.
16. As with all children's homes, the Council retains the responsibility as 'placing' authority for care planning, progress and outcomes. The day to day responsibility for support and safeguarding rests with the registered managers of the homes.

King Edwin School

17. King Edwin School is an independent special day school for boys and girls aged 6 to 16 years. It is located in a building previously used as a local authority special school. The school opened in October 2013 as part of the Joint Venture arrangement.
18. King Edwin School has grown from having placements in 19 of the 50 places in April 2016 to maintaining 50 places fully used with a waiting list by July 2019 which resulted in an increase in roll size to 80 in Sept 2019, and an increase in age range to offer a small amount of post 16.
19. The roll has continued to increase and the school is currently at 80 students (Sept 2021). This is in spite of a highly competitive Independent school sector which has seen a new 80 place SEMH/ASD school open in April 2019 within 4 miles of King Edwin with other 'competitors' nearby. The school was initially graded 'Requires Improvement' but now maintains 'Good' ratings () and is a very well-regarded resource within the Borough and the wider community it serves.

The fourth residential home

20. Although a number of potential properties have been identified for the fourth home, it has not been possible to conclude a deal for purchase to date.
21. As such the Joint Venture Board has reviewed the potential types of need in the context of the Council's Sufficiency Strategy, and has concluded that an additional long term residential home, to complete the initial business model is still a viable option. It is therefore still proposed to complete the purchase of a fourth home in line with the business plan – a 4/5 bed longer- term provision.
22. House prices for a typical 5 bed home in the area, inclusive of fit out costs will exceed £500,000.