

Report



Chair of Cabinet and Cabinet Member for Social Services

Part 1

Date: 5 November 2019

Subject Purchase of Asset

Purpose Purchase of 6 bedroom detached house and adjacent land situated in Langstone, Newport.

The identified property has been deemed suitable for the proposed purpose of setting up an additional children's residential home.

Houses such as this have been rarely available and those that have been previously identified as suitable have sold swiftly.

Agreement is needed to proceed with the purchase in order that the home can become operational as a children's home within this calendar year.

The vendor has requested that the sale is completed as quickly as possible, necessitating an agreement for authorisation of acquisition.

Author Service Manager – Resources, Children and Young Peoples Services.

Ward City Wide

Summary There are currently a number of 'looked after' children in out of county residential accommodation. These placements are expensive and outcomes for most of our children in such placements are poor. A project to explore alternative, quality options for this group of vulnerable children has been undertaken. In order to return them to reside within Newport additional residential beds are necessary and £1.5m has been agreed by Cabinet from the capital budget in order to facilitate this.

The property fulfils all the criteria for a property from which a high standard children's home could function:

- At least 5 bedrooms
- Multiple ground floor communal rooms
- Secluded position
- Out of the main town area
- Good outdoor space
- Solid structure
- Scope to provide a classroom on site if necessary.

Planning approval is not required.

A valuation has been undertaken by Don Waters from Norse a survey completed. This has been discussed with NORSE and essential works / refurbishment to bring it up to operational standard agreed, as outlined later in this report.

Initial purchase will be from the agreed £1.5m capital budget, this can be substituted by ICF.

The purchase of residential homes are part of a Gwent-wide strategy whereby only Newport City Council (NCC) and Caerphilly CBC have developed residential accommodation.

The property will accommodate 4 children and 1 staff bedroom.

Capital funding will be used for the refurbishment of the property.

Proposal **Newport City Council purchases Property and adjacent land for the sum of £725k and allocates further £395k for essential maintenance / refurbishment to enable it to become operational, £45k other building costs and land transaction costs of £56k - Total budget £1,221k.**

Action by Joanne Llewellyn-Service Manager Resources and Sally Jenkins Head of Children's Services on behalf of Children's Services

Timetable Norse to continue with purchase arrangements—immediate.

This report was prepared after consultation with:

- Sally Jenkins – Head of Children's Services
- Cabinet Member for Social Services
- Chair of Cabinet
- Head of Finance
- Head of Law & Regulatory services
- Head of People & Business Change

Signed

Background

Residential overview

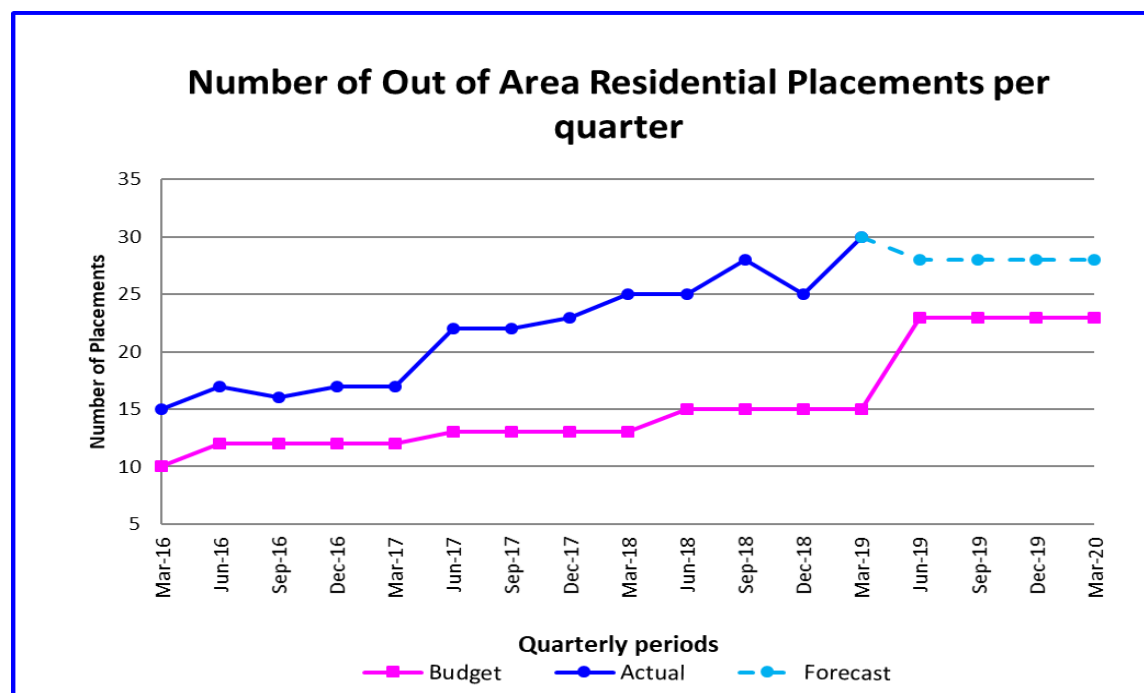
The 2018-19 Children Services outturn was £25.851m, this being £3.446m over spent against a budget of £22.405m.

The table below provides a breakdown of residential costs in 18/19 compared to the current 2019-20 Budget available.

Residential Placements for 2017/18	18-19 Out-turn (£000)	19-20 Budget (£000)
External Provided Residential Placements (Out of County Placements)	4,334	2,668
In-house Residential		
CH	725	846
FL	728	768
RC		591
Total In-house Residential costs	1,453	2,205
Overall Total	5,787	4,873

The 28 children in out of county residential accommodation are the most expensive placements; hence, the focus shall be to provide alternative, quality options for this group of vulnerable children.

Since March 2016, Newport has seen a steady rise in the number of children placed in out of county (OOC) residential placements. The number of children currently in such a placement is 28 (as at May 2019), compared to an average of 21 over the last 3 years.



Newport has 14 of its own residential beds; 6 at CH, 4 at FL and 4 at RC. O is a residential facility for children with disabilities and can accommodate 5 children a night on a short breaks basis.

RC was the first of 3 planned additional children's homes, It was purchased in August 2018 and opened in January 2019. It houses 4 children returned from out of county placements. Homes are part of a Gwent-wide strategy whereby only Newport City Council (NCC) and Caerphilly CBC have developed residential accommodation.

In order to ensure that these homes remain cost effective, a new budget structure is in place. The revenue for the running costs of the new home was created from the existing Out of County Residential budget and this is appropriate as existing out of County placements were/are being brought back into these homes, thus reducing costs on that budget.

An internal weekly placement cost has been calculated for NCC residential homes and is based on 82% capacity rate. In effect, the homes now operate as trading accounts with an income target to offset the whole of the running costs, thus a zero bottom line. The homes then receive weekly fees for each placement in order to accurately monitor cost savings (£3,529.20 per week).

Early stage estimates:

Norse have surveyed the property's condition and considering their findings, we believe, as a very early indication of cost, the following:

Norse have indicated that a cost of up to £395k may be needed to develop the property to the standard of a children's home and other building costs of £45k. Final costs will be confirmed, as usual, when contractors are appointed by Norse after tendering the detailed works required.

Welsh Revenue Land Transaction Tax is also payable on completion at £56k

The total budget requirement is therefore, **£1,221k**

An indicative grant application for £725k of ICF funding is expected to be approved for this and a further application will be made for the essential maintenance and conversion costs, should there be ICF funds underspent in the current financial year. At this stage, all costs above the initial £725k will be funded from the Council's £1.5m overall budget for Children's homes

The savings will be met against the business service delivery and not the value of the asset and therefore the property is value for money as this is not a domestic property but a children's home and therefore savings will be made.

The First Minister has requested that the numbers of children who are looked after are reduced across Wales. The First Minister is concerned that the numbers of children who are looked after in Wales are per ten thousand significantly higher than in England. The implications for the children of Wales are that they are more likely to be removed from their family care and brought up within public care. The outcomes for children in care are well documented and while it is recognised that poorer outcomes are in very large part a result of early childhood experiences prior to becoming looked after the challenges of good public care and the need to support families to care well are evident throughout social care research. While short term risk can quickly be managed by removing children from the family home the long-term implications of managing the risk in this way are additional costs and a failure to provide sustainable solution.

Proposal:

Newport City Council (NCC) purchases the property and adjacent land for the sum of £725k and allocate £395k for essential maintenance and conversion costs, £45k for other building work and £56k for land transaction costs. The purchase of the land keeps the property separate from any neighbouring properties. This is cost effective and reflects the needs of the children where alternative care is required. This will house 4 children from OOC residential care.

The status quo of not purchasing the property will mean that 4 Out of County (OOC) residential care children cannot return to Newport. This will mean that there will continue to be high levels of OOC funding required. By not investing in this property there will be negative implications both financial for the Local Authority and welfare-wise for the children. This will also mean a loss of ICF.

Not purchasing the property and considering other properties could be considered. This would mean a potential loss of ICF funding as a new suitable property would not be found in the timescales. After approximately 18 months of searches few properties have met requirements. By not investing in this property there will be negative implications both financial for the Local Authority and welfare-wise for the children.

Financial summary

The total budget for this scheme is **£1,221,000** and an application for £725,000 ICF funding has been made towards this and is expected to be approved. The Cabinet have already agreed a £1.5m capital budget for 3 children's homes though the vast majority of costs have since been funded from ICF external funding since this was done. At this point, all costs above the initial grant of £725k for this property will be funded from the Council's overall £1.5m budget but a further bid for more ICF funds will be made, if further funds are available, to reduce this further.

Initial purchase will however be from the agreed £1.5m capital budget; this will be substituted by ICF when the ICF funding is confirmed.

Revenue costs will be met through the OOC budget through the savings made from bringing these children home from placements.

There was an agreed savings target of £330k for RC and one other home in the 19/20 MTRP (£170k for RC and £160k for the other). Therefore, the purchase of this home will need to achieve a saving of £160k per annum; this should be taken into consideration when decisions are made as to which children are brought back in house. An occupancy rate of 82% equates to £3,500 per week/per bed. External placements costing less than this would not contribute to the saving.

This is cost effective to meet new demands within the service.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Low occupancy figures	H	L	<ul style="list-style-type: none"> Needs assessment suggests demand for beds. Responsible Individual will have an overview of all placements and ultimate control in placing children We have the option to sell beds to other LA's should internal occupancy decrease. 	Registered Responsible Individual Servicer Manager Resources Home manager
Staffing costs exceeding forecast	H	M	<ul style="list-style-type: none"> Budget management system in place to track and monitor costs Wider pool of staff to draw upon with additional homes 	Home Manager and Responsible Individual

			<ul style="list-style-type: none"> Working towards implementing a rota with staff sleeping in rather than waking night staff 	
Do not purchase the property. Children are not returned from OOC residential placements. Loss of ICF funding.	H	H	<ul style="list-style-type: none"> The proposal lays out the mitigation. Children will remain in OOC and budget for OOC placement will remain high. Increase of costs to Children Services. 	Head of children's Service Director of People
Standstill the proposal to buy the property. Search for alternative properties. Sellers will not wait much longer and high potential to lose the property and ICF funding as purchase could not occur before March 2020.	H	H	<ul style="list-style-type: none"> The above plan lays out how to mitigate against this risk. Other properties are being considered but none meet the criteria required. 	Head of children's Service Director of People
Purchase the property and agree above proposal	L	L	<ul style="list-style-type: none"> The above proposal to purchase a suitable property. ICF funding has been requested to fund. Capital bid of 1.5 million has been agreed. Children have been identified to return to the home. 	Service Manager resources Head of children's Service Director of People

Links to Council Policies and Priorities

This proposal is key to Children's Services being able to offer high quality placements for looked after children in Newport. It will contribute to one of the twenty key commitments to achieve by 2022 as a reduction in the number of children placed away from Newport.

It is a positive step to ensure better care for children. Whilst it is courageous in terms of being a large undertaking with a degree of risk the planning and preparation mitigates the risk. It links to the wellbeing objectives and supports our work to develop resilient communities. It ensures social care jobs continue to be available in Newport.

The proposal has been tested against the principles of sustainable development detailed within the Well-being of Future Generations Act. It also supports NCC's Well-being Objectives, most notably Objective 1, 'To improve skills, educational outcomes and employment opportunities', Objective 3, 'To enable people to be healthy, independent and resilient', and Objective 4, 'To build cohesive and sustainable communities'.

Options Available and considered

1. Purchase of the property will allow NCC to increase in house residential provision and return children from OOC placements. This links to the 10-year NCC and Gwent strategies to improve residential provision in Children's Services.
2. No purchase.
3. Seek alternative houses. This would mean a loss of ICF funding as a new suitable property would not be found in timescales. After approximately 18 months of searches few properties have met requirements. By not investing in this property there will be negative implications both financial for the Local Authority and welfare-wise for the children.

Preferred Option and Why

The preferred option is option 1.

This programme will help to reduce the number of children placed in OOC residential placements and links with Welsh Governments aim to reduce number of children placed outside of their authority. This also links with NCC's practice of reducing the number of OOC high cost placements.

The property has been deemed suitable and meeting the strict criteria needed to purchase a suitable children's home.

Meetings have been held with the Leader, Norse, the relevant cabinet members and it has been agreed that this is the way to proceed.

Comments of Chief Financial Officer

The following risks need to be considered to ensure that proposed savings are delivered.

1. The cost of a placement in this new home would equate to £3.5k per week (based on 82% occupancy rate). The service would need to bring back 4 children in placements costing £3,500 or more to achieve the saving of £160k. The higher the occupancy rate, the higher the saving achieved.
2. Control of staffing costs – These will require tight control as this would affect the ability of the new residential unit achieving the proposed saving.
4. The purchase of the property is being funded via ICF (provisionally agreed). There is no MTRP proposal for the running costs as its being proposed it will be covered within existing budgets.
5. An amount of £1.5m was approved in the Council's capital programme for the purchase of up to 3 properties for this purpose. Grant funding is preferred as would allow other council priorities to be funded and/or savings achieved but if no grant is forthcoming – there is Council funding for this purchase and refurbishment.
6. The purchase and bringing back 4 existing placements is expected to deliver c£160k savings p.a. and therefore this provides good value for money from both a payback and yield on investment perspectives.

Comments of Monitoring Officer

The proposed action is in accordance with the Council's statutory powers under Section 124 of the Local Government Act 1972 to acquire land and property for the purposes of discharging any of its functions. There are clear benefits, both in terms of the quality and cost of the service provision, in securing suitable residential accommodation within the area for these vulnerable "looked after" children, as compared with the current out-of-county arrangements. The purchase price has been agreed by Norse as representing market value for this property. However, the completion of the purchase will need to be subject to satisfactory surveys and satisfactory responses to the usual pre-contract enquiries and

requisitions on title. Therefore, there will need to be further legal and property due diligence before contracts can be exchanged and the acquisition can be completed. Subject to satisfactory surveys and requisitions, it will not be necessary for the contract to be conditional upon securing planning consent, provided there is no immediate intention to develop the annexes. The proposed use of the property falls outside Class C3 of the Planning Use Classes Order because it would no longer be occupied as a single dwelling or household. Therefore, there would be a change to C2 use as the property would effectively be used as a residential home. However, provided that there are no significant alterations being carried out to the property and the number of occupants does not significantly increase, then the change of use would not be regarded as “material” and, therefore, would not require planning permission. If the intention at the present time is to occupy the main house, with only 4 children being accommodated there, then this would not of itself require planning permission on the basis of being a non-material change of use. However, any future development and use of the annexes would constitute a material change of use and would require express planning permission. Therefore, if the property is viable as a 4-bedroom home even if the annexes are never utilised, then the Council is able to proceed with the purchase without planning consent.

Comments of Head of People and Business Change

The preferred option within the report clearly shows a long term, preventative approach to the delivery of support for very vulnerable children and young people, particularly in reducing the use of out of county placements. The report recognises that any provision will be subject to the individual needs of those children and young people who are to be supported. So, whilst this will provide a positive impact for a large proportion of those who need residential care it does not detract from the requirement to provide suitable packages of support that meet individual, specific needs. The Well-being of Future Generations Act requires Newport City Council to ensure that the sustainable development principles drive our decision making, as they have done with this report. Any further impacts will have to be identified through the Fairness and Equability Impact Assessment process.

There are no staffing implications from this report as the proposal represents workforce growth in order to provide the service. The service area will need to consider any relevant employees on the Council’s redeployment list prior to recruiting to newly created roles.

Local issues

Not applicable

Scrutiny Committees

This proposal has not been presented to Scrutiny.

Equalities Impact Assessment and the Equalities Act 2010

The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of ‘protected characteristics’, namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users. In exercising its functions, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited by the Act; advance equality of opportunity between persons who share a protected characteristic and those who do not; and foster good relations between persons who share a protected characteristic and those who do not. The Act is not overly prescriptive about the approach a public authority should take to ensure due regard, although it does set out that due regard to advancing equality involves: removing or minimising disadvantages suffered by people due to their protected characteristics; taking steps to meet the needs of people from protected groups where these differ from the need of other people; and encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

Whilst recruitment to the home will encourage application from protected groups, it holds an exemption for reasons of criminal conviction and age due to the legal regulatory requirements.

Children and Families (Wales) Measure

Although no targeted consultation takes place specifically aimed at children and young people, consultation on planning applications and appeals is open to all of our citizens regardless of their age. Depending on the scale of the proposed development, applications are publicised via letters to neighbouring occupiers, site notices, press notices and/or social media. People replying to consultations are not required to provide their age or any other personal data, and therefore this data is not held or recorded in any way, and responses are not separated out by age.

Wellbeing of Future Generations (Wales) Act 2015

- Long term: The location and make up of the home has been chosen very much with future needs in mind. The suitability of these premises will serve children with a wide range of needs. It affords a balance of access to community activity whilst keeping children safe from negative influences. The location offers opportunity for plenty of outdoor activity as well as safe cycling / walking routes.
- Prevention: NCC providing care for Newport children means that we have their best interests in mind. The location of the property can assist in preventing certain negative factors influencing the choices that our children make.
- Integration: NCC aim for Newport children to live within Newport so long as this is appropriate. Our own residential provision provides for this in a safe, managed environment.
- Collaboration: Partnership with education, health and YOS will help to deliver positive outcomes for our children.
- Involvement: Children will be involved in the development of this service through areas of recruitment, décor etc.

Throughout this report the core principles of the WFG are referenced and interwoven. This is clearly a long term proposal which seeks to embed preventative working as a way to ensure good outcomes for citizens. Integration with other elements of NCC and public bodies is key to the success of the proposal. Working in collaboration with families and partner agencies is vital and drives this plan. Throughout Children's Services we are looking for new ways to fully involve and engage children, young people, parents and carers this plan is key to that work.

Crime and Disorder Act 1998

Children's services will make every effort to keep children out of the criminal justice system. Clear, direct work with young people within the home will guide them in positive life choices. We will also engage other agencies, as appropriate to work with young people who may become involved in offending behaviours.

Close links are held with areas of Gwent police who support us in aspects of preventative work.

Section 17(1) of the Crime and Disorder Act 1998 imposes a duty on the Local Authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.

Consultation

Comments received from wider consultation, including comments from elected members, are detailed in each application report in the attached schedule.

Background Papers

None

Dated: 5 November 2019