

Children's Residential Care Provision

Introduction

There are two primary routes which lead to children come into the care of the Local Authority. These are for a child to be accommodated with parental consent, under section 20 Children Act 1989; or the child being made the subject of a Care Order under section 31 Children Act 1989.

The functions of local authorities in relation to children in care, are set out in the 1989 Children Act and associated regulations and guidance. The key regulations are the Care Planning, Placement and Case Review Regulations 2010 which are underpinned by guidance.

More generally, services for children in Sandwell are graded according to need. Sandwell provides early help services to strengthen families and avoid needs escalating to a level where children need more intensive support. When such support is necessary, children in need are allocated to Social Workers who support their families with multi-agency planned work to improve parenting and family life. If children are experiencing significant harm, they may become subject to formal Child Protection Plans.

For children who cannot be looked after by their parents, owing either to the harm they have suffered or to families' inability to meet their needs, children may come into the care of the local authority. Local authorities have a duty to place children in the most appropriate placement available. This may be with a relative, friend or other connected person or if this is not appropriate, then with a foster carer who is not a relative, friend or connected person.

Where a child cannot be placed with a relative, friend, connected person or foster carer, a residential placement may be appropriate. The small minority of children living in children's residential homes (approximately 7.6% of children in care, in Sandwell) are children who often have a history of living in multiple foster homes, where carers have been unable to meet their needs, children that need specialist support linked with disabilities or a lack of appropriately skilled carers.

This report is set out in two parts, the first considers how residential care is currently provided and alternative options for its delivery and the second part focuses on a preferred option and how that can be delivered.

Background

What is residential care?

The Care Standards Act 2004 says that 'an establishment is a children's home 'if it provides care and accommodation wholly or mainly for children'. The Independent Children's Home Association states that "children's home" should only be used to refer to settings regulated by Ofsted in England, the Care Inspectorate Wales, or Care Inspectorate Scotland. Within this report the term residential home, residential care, or children's homes, refers to children's homes run by a Registered Manager, staffed by paid employees and subject to regulatory inspection.

Some children struggle to manage the intimacy of living in a foster family and may have difficulties managing close attachments to adults or they may simply not wish to have a replacement family. For these children, it is now recognised that residential care can, and often does, provide excellent care.

Modern children's homes are based on a model of care which is as close to family life as possible. Ofsted, the regulator of these settings in England, prefers homes which are non-institutional and homely. Good homes need a staff team who are consistent and committed to the children, including children who based on their experiences, may display and act-out particularly challenging (often physically and verbally abusive) behaviours. There are mandatory qualifications for staff members to support them and the children in their settings.

To maintain the homely feel and ensure the needs of children are being fully met, smaller homes, with up to 5 beds are seen as best practice. Homes up to this size are more likely to meet the regulations and gain registration from Ofsted.

There are various types of children's homes. All have a Statement of Purpose, which states the numbers and ages of children they cater for, alongside the aims and ethos of the home. Some homes have specialisms relating to the period they expect children to be resident for (short-term or medium-long-term) and specialisms relating to the needs they cater for. For example, some specialise in provision for children with special educational needs or for children with physical disabilities, some include educational provision, some provide therapeutic care with input from psychologists. Statements of Purpose also describe the home's approach to behaviour management, including levels of surveillance, monitoring, and restraint. It is these Statements of Purpose that placing authorities refer to, when a home is considered for a child.

Children that are in residential homes will themselves have a variety of needs with different levels of complexity. For the purposes of this report, the consideration for placements is focused on children with complex needs:

In January 2024 OFSTED published a report on achieving stability and permanence for children with complex needs.¹ The report stated that their view of complexity was in line with a study published by the Nuffield Family Justice Observatory: that the phrase 'complex needs' is used to refer to children with multiple, overlapping needs who require a collective response from multiple agencies. It is often the combined impact of several needs, rather than the severity of any single need, that increases children's vulnerability.

These needs include:

- mental health needs – these are particularly needs that fall just below the threshold for specialised day and inpatient mental health services (tier 4 services)
- behavioural needs that lead to safeguarding concerns – these include, but are not limited to, displaying aggressive, sexualised, or offending behaviour, but also being at risk of child sexual exploitation.
- behavioural needs that are connected to learning difficulties – these include communication and sensory needs among children with autism spectrum disorder (ASD) and attention deficit hyperactivity disorder (ADHD)
- physical health needs – these include needs that require specialist equipment or nursing-style care.

Legal Duty

Section 22(3) of the 1989 Act sets out the general duty on the local authority, looking after a child to safeguard and promote the welfare of the child. This duty, also known as 'corporate parenting,' is the foundation of all activity. In simple terms, 'corporate parenting' means the collective responsibility of Sandwell Council, elected members, employees, and partner agencies, for providing the best possible care and safeguarding for the children who are looked after by Sandwell Council.

Local Authorities also have a duty to place children close to home. The Children Act 1989 22C (7) to (9) places a duty on local authorities to ensure, as far as reasonably practicable, any placement for a child in care:

- allows the child to live near his/her home.
- does not disrupt his/her education (particularly at Key Stage 4).
- enables the child and their sibling/s to live together, if the child has a sibling/s who are also looked after by the local authority.
- provides accommodation which is suitable to the child's needs if the child is disabled; and
- is within the local authority's area (Sufficiency Duty).

¹ How local authorities plan for sufficiency of accommodation that meets the needs of children in care and care leavers, Ofsted, 18 November 2022

In ideal circumstances, the proposed placement should meet all the above criteria. However, this is not always possible and complex decisions and compromises may have to be made.

National Context

The care system for children in England, including residential care, has undergone a significant transformation in recent years. Much of what has happened in the homes, has been driven by changes in policy, such as a shift in priorities towards fostering, with wide-ranging implications for those who are registered managers, residential staff and the children and young people that live in residential care.

Concerns over the standard of care within children's homes were recognised within the Care Standards Act 2000 and the subsequent 2001 Children's Homes Regulations, coming into force to improve the quality of care in the sector. These regulations improved the quality of care but again, reduced the willingness for many local authorities to invest in these services. It was at this stage, that the initial growth in the independent sector happened to fill the gap.

In 2022 Ofsted investigated how local authorities fulfil their sufficiency duty to provide homes for children in care, exploring the challenges and barriers local authorities face. One of the findings of the report was that 'provider have more power in the market and can choose which children they take. This means that it takes social workers and placement officers much longer to find homes for children.'²

Recognising changes in the Residential Care sector over the past five years, the Local Government Association commissioned Newgate Research to undertake diagnostics into the policies, barriers and facilitators for local authorities and smaller independent providers in establishing children's homes. The finalised report identified that 'the market is currently not working for the benefit of local authorities, providers, or children. There is a mismatch - between demand and supply – both in terms of sufficiency and flexible and responsive residential provision that meets the changing needs of those coming into care.'³

The Profit Making and Risk in Independent Children's Social Care Placement Providers paper focuses on the risk involved with the concentration of spending directed by local authorities, towards the 16 largest providers, which makes a weighted average profit of 17.4% of income (measured using the Earnings Before Interest, Taxes, Depreciation, and Amortisation EBITDA method).

The paper states: "Profitability across the sector is not uniform but has been growing in the most recent 2-3 years, especially for the largest providers as demand has increased. There is evidence that some investors have made above-average returns on their investments. This is further indication, added to that in several other studies, and enquiries that traditional

² How local authorities plan for sufficiency of accommodation that meets the needs of children in care and care leavers, Ofsted, 18 November 2022

³ LGA Children's Home Research, Newgate Research, January 2021

methods of commissioning and procurement are struggling to influence the development of the market.”⁴

Based on data from March 2023, the largest top 10 children’s homes providers accounted for 30% of all children’s homes, with the largest, Caretech, accounting for almost 8.5% of all private homes. 50% of the largest 20 children’s homes providers have a majority or minority private equity or sovereign wealth fund owner. The aggregate fee income of nineteen of the twenty largest providers (excluding Caretech as they no longer provide this information) is £1.63 billion, growing on average (where information makes this visible) by 6.5% over the previous year. If Caretech income was sustained at the level reported for the preceding year, the total sample income increases to £1.94 billion.

The Competitions and Market Authority launched a market study into children’s social care⁵ in England, Scotland, and Wales on 12 March 2021, in response to 2 major concerns that had been raised with them, about how the placements market was operating. First, that local authorities were, too often unable to access appropriate placements to meet the needs of children in their care. Second, that the prices paid by local authorities were high and this, combined with growing numbers of looked-after children, was placing significant strain on local authority budgets, limiting their scope to fund other important activities in children’s services and beyond. Overall, their view was that there are significant problems in how the placements market is functioning, particularly in England and Wales. They found that:

- a lack of placements of the right kind, in the right places, means that children are not consistently getting access to care and accommodation that meets their needs.
- the largest private providers of placements are making materially higher profits, and charging materially higher prices, than expected if this market were functioning effectively.
- some of the largest private providers are carrying elevated levels of debt, creating a risk that disorderly failure of highly leveraged firms could disrupt the placements of children in care.

The Competitions and Market Authority review found that profits in the children’s residential home sector increased from £702 to £910 per child, per week, between 2016 and 2020. With the prices paid by authorities having continued to rise since 2020, it is likely that this profit level has increased.

An independent review of children’s social care was commissioned by the government in 2021, chaired by Josh Macalister and reported in May 2022.⁶ They stated that private providers often build residential children’s homes in parts of the country where property and land prices are cheapest. This helps keep the overall costs of provisions low, but also increases the providers’ profit and in practice, it means that some local authorities are

⁴ <https://www.revolution-consulting.org/wp-content/uploads/2023/09/Alt-Profit-Making-and-Risk-in-Independent-Childrens-Social-Care-Placement-Providers-final-2023.pdf>

⁵ CMA Children’s Social Care Study, March 2022, [Final report - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/108442/final-report-cma-childrens-social-care-study-march-2022.pdf)

⁶ Independent Review of Children’s Social Care, Joshua MacAlister, May 2022, https://assets.publishing.service.gov.uk/media/640a17f28fa8f5560820da4b/Independent_review_of_children_s_social_care_-_Final_report.pdf

oversaturated with local provision they often cannot use (as it does not meet the local need), whilst some have no local provision available at all.

Sandwell Context

As per the Office for National Statistics' mid-year population estimates, there are 85,824 children living in Sandwell. There were 808 children in care in April 2024, which amounted to rate per 10,000 of 94.1. This is lower than the rate for statistical neighbours.

For the past 6 years, Sandwell has gradually reduced the number of children in care, although 2017-2018 saw a slight increase before coming down again in March 2019. Table 1 highlights the numbers of Children in our Care at the end of each financial year and our current total as of March 2024.

Table 1 – Starts and Ends Per Year

Financial Year	CIC as of 31 March each year	Change in the Number of children cared for
2018-2019	890	+135
2019-2020	865	-25
2020-2021	885	+20
2021-2022	837	-48
2022-2023	800	-37
2023-2024	812	+12

Table 2 below provides a snapshot of the placement types at the end of each financial year. There has been a year-on-year reduction in the use of external foster placements, though this has increased slightly recently. There has been a slight decrease in the use of internal and connected carers, not linked to the increase in external placements, but rather to the overall reduction in the number of children in care.

Residential care, the focus of this project, has seen an increase this year due to changes in care plans for a small cohort of young people, for whom residential placement is deemed more suitable, given their more complex needs.

Table 2 - Placement Types at end of each Financial Year

Placement Type	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Mar 2024
Adoption	28	18	26	23	14	12
Connected Carer	183	191	178	155	151	161
Agency (external) FC	307	328	331	324	315	300
LA (internal) FC	166	159	150	144	138	124
Residential Care	48	51	52	58	47	62
Placed with Parents	94	77	112	100	92	78

Semi Independent / Independent Living	54	33	28	30	38	61
Other placements (including secure units)	10	8	8	3	5	10
TOTAL	890	865	885	837	800	808

Sandwell's use of residential children's homes (7.7% of all children in care) is lower than the national average, which sits at 11%, with 62 children in residential placements as of March 2024. This would suggest that Sandwell is more successful in finding family placements for children and those children who are unable to be placed in family setting have more complex needs.

Additional statistical information:

- 69% of Sandwell Children in residential care are male.
- 64% of children are aged between 10-15yrs old.
- There is a significant over representation of children with 'mixed' ethnicity in residential care, 16% of children are categorised as mixed compared to 4% of Sandwell identifying as such in the 2021 census.
- 70% of first-time residential entrants are aged between 10-15yrs old, with 23% aged between 5-9 years old.
- 51 children had residential placements that ended in 2022/23, these children spent an average of 433 days in residential care.
- For 18.4% of children, residential care was their first placement, with over half of these children aged 14 or 15 years old.

A large number have Education, Health, and Care Plans (EHCPs) and access to provision is often exacerbated when children move to residential care as these placements are quite often outside of Sandwell and it can take some time to get children registered with a new school that is consistent with their EHCP.

Many young people in residential care benefit from therapeutic support to address the traumatic experiences of their childhoods and in certain placements, this support is also provided for staff teams, to help them understand and contextualise children's behaviour.

Often, children who have had foster care breakdowns experience a period of deteriorating behaviour, prior to moving into residential care. Others have sudden breakdowns. Most commonly, breakdowns follow a form of 'precipitating incident' and consequently foster carers, and sometimes parents, refusing to have children remain living with them.

Twelve children from the current cohort in residential care came into care and were placed in residential care as their first placement. There has been an increase in the need for smaller, solo, or two-bed homes due to the complexity of needs. This often results in our most complex children being placed outside of the borough, sometimes at considerable distances.

The table below shows the flow of children coming into residential placements. As illustrated, there are more new placements made for children aged 11 and over compared with younger children.

Age at first residential placement	Number
4	1
5	3
6	0
7	2
8	4
9	6
10	3
11	6
12	7
13	8
14	14
15	8
16	1
17	2

As stated, twelve children from the current cohort in residential care came into care and were placed in residential care as their first placement. For eight of this cohort the residential placement was only made after searches for fostering placements were not successful. Sandwell's Children's Trust have recently launched a new project called "Step-Aside," which utilizes the BERRI tool to review the use of residential care. The aim of this project is to ensure the children that are in residential care are there based on need and identify children that may benefit from being placed in a different type of setting e.g., foster care, supported accommodation. For children that are newly accommodated in residential care, either because that is the plan or due to the availability of alternatives, time will be required for assessments like the BERRI tool to be undertaken.

Prevention

In 2023/24, 98 children between the ages of 10-17 years came into care, the reasons for them coming into care are varied but the majority entered care due to Family issues, or absent parenting.

Sandwell Children's Trust operates a family intervention hub to work with families to prevent breakdown, however for some families a period of 'respite' i.e. regular time apart or a one-off period to allow work to be done with them, may be required to prevent a child coming into care. This is not a service that is currently available to purchase from providers for children and young people who do not have a disability.

Based on the average cost of a residential placement so far in 2024/25, £6,624/week, for each young person that is supported to remain at home the cost avoided equates to £344,448 per annum for a residential placement and £44,980 for a foster placement.

On average children that exited residential care had spent 433 days in that type of placement, the average total cost of their accommodation, excluding the social worker and other support around them, would have been approx. £408,000.

How Residential Care Needs Are Currently Met in Sandwell

The process for commissioning residential placements involves an assessment of the young person's particular needs and matching these with an available placement in a residential children's home.

In Sandwell this involves, contacting providers that operate children's homes and are part of the West Midlands Regional Framework Contract; a regionally procured framework contract that includes all 14 authorities of the West Midlands. Information will be shared with providers for them to make a judgement on whether they are able to meet the needs of the young person and how well they may 'match' with other children already in the home.

If this search presents no suitable results i.e. no providers come forward to offer a placement in the timescales required, which may be short, if the placement is needed in an emergency, a search is conducted through the West Midlands Placements Portal. The West Midlands Placements Portal allows providers to offer their residential care provision to Council's/Trusts outside of framework arrangements. This is known as spot purchasing. Spot purchased placements tend to cost more, as providers are not bound by tendered prices.

There are 21 registered independent children's homes in Sandwell as of April 2024. Between them, they offer up to 59 available spaces. There are 7 Sandwell children placed within these homes. Over half of these homes have been registered in the last three years, with most homes being operated by new providers.

There are 2 homes in Sandwell that offer solo placements, i.e. no other children reside in the home, with majority of placements (76%) being 3 or 4 bed provisions. This means, when considering whether to accept a child into the home, the provider must ensure that the incoming child 'matches' with the children that already reside in the home and, more importantly, whether they have the capacity and ability to meet the needs of the incoming child.

In many cases providers will offer placements for children that are conditional, the main conditions being that we:

- either pay for additional staffing, due to the providers assessment of how they need to support the child and mitigate risk. The providers assessment in some instances does not match the assessment of Sandwell Children's Trust and is more to do with a lack of appropriate staff experience in supporting a child with complex needs.
- pay to 'block' a bed in addition to the one to be utilised for the child they are seeking to place, in effect paying for 2 beds. Like above, this allows them to

assign more staff to a young person and is often linked to a lack of appropriate staff experience in supporting a child with complex needs.

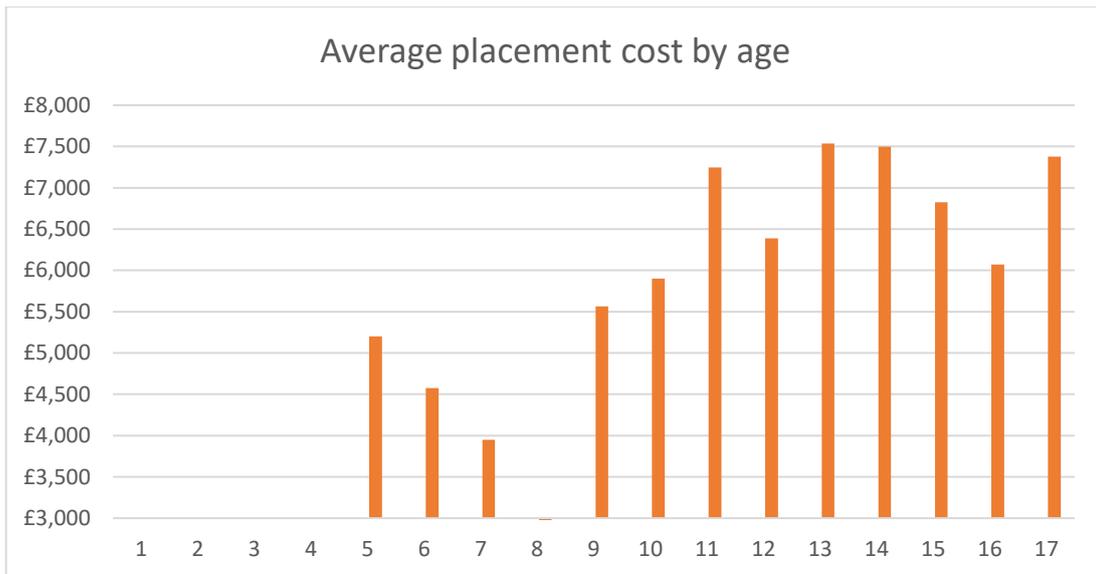
Residential Care Spend

The average cost of a placement in 2023/24 was £6,400 per week, per child in residential care, however this does not reflect how widely the cost of a placement can vary. In 2023/24, 111 children spent time in residential care, with the cost ranges for their placements presented below:

Cost Range (£ per week)	Number of Children
10,000+	13
9,000-9,999	8
8,000-8,999	2
7,000-7,999	8
6,000-6,999	24
5,000-5,999	22
4,000-4,999	22
3,000-3,999	12

An investigation was undertaken on the factors that contribute to the placement costs including age, gender, location of placement. The following conclusions have been reached:

- Children aged 13 to 14 have the highest average placement cost, approximately £7,500/week. With the average cost for children under 10-year-old falling below £6,000/week.
- The costs for the genders are comparatively similar, with females having a slightly higher average placement cost than males however, this is primarily due to one female costing almost £15,000 per week.
- The data indicated, the distance of placements away from Sandwell did not drastically impact upon cost. For example, the average cost of placements outside the borough, £6,633 per week, is slightly higher than those within Sandwell, £6,569.43 per week. However, there are other costs when a child is placed at a distance from Sandwell additional to the weekly fee paid to the provider e.g. travel expenses for staff, social worker time and Independent Reviewing Officer time.



In summary, the gender of a child or the location of the placement has little impact on the cost of placement. The age of the child, however, is a factor with the cost of placement being higher for children over the age of 10.

The average cost of a placement in 2023/24 was £6,400 per week, this is 16% higher than the average cost in 2022/23. While some of this will be linked to rising costs for providers, both inflation and national living wages increases, there is also an element of profiteering. The CMA found that profits per placement per week rose by £208 per week per placement between 2016-2020. At the same time private equity firms continue to invest in the children’s residential sector, doing so on the basis that they will see a financial return. A national provider was recently acquired by a private equity firm in a deal estimated to be worth around \$1bn. Initial indications from providers are that they will be seeking further above inflation increases this year.

Unregulated placements

In 2023/24, four children were placed in unregulated settings. These would have been emergency, short-term arrangements put in place to safeguard a child while a more suitable placement was sought. These could include short term lets, hotels, supported accommodation provision, and other unregulated settings.

Prior to placing a child in an unregulated setting, extensive efforts would have been made to find a placement for them. This may include offering funding for additional staff or agreeing to block other vacant beds in a home. Despite these efforts, there will be instances where placements cannot be sourced.

Short term emergency arrangements can be costly; with Sandwell Children’s Trust having to put in place measures to support a child, equivalent to those children’s home would have in place but using high-cost agency staff. In some cases, the weekly cost of such an arrangement can be over £15,000 per week. Short term arrangements carry an inherent risk as they have been set up at short notice, potentially with staff who do not fully understand the needs of the child they are caring for and are in properties not specifically setup for the purpose they are being used for.

Options

Option	Detail	Benefits	Key Risks
<p>Option 1: Do nothing and continue with the current purchasing arrangements.</p>	<p>Sandwell Council could do nothing and allow the sector to continue to develop independently. Purchasing placements for children as the need arose via the regional framework agreement or spot purchase.</p>	<p>Does not tie Sandwell Council or Sandwell Children's Trust to a long-term commitment.</p>	<p>Sandwell would have no control of the provider market and therefore little influence over whether they opened homes in Sandwell and whether they met the required needs in effect, not be meeting the required duty in respect of sufficiency.</p> <p>Demand for placements continues to outstrip supply, this means that providers can charge weekly fees as they choose. The pattern of increasing weekly fees is likely to continue. There is no cost certainty, even for a limited number of placements. The average cost of placements has risen by over 16% over the last 12 months.</p> <p>Providers can withdraw from framework arrangements, which offer some contractual protections, to raise prices or insist on additional services to accept or maintain children in homes.</p> <p>Greater demand on professional time and intervention, and consequential on-costs due to majority of placements being out of borough.</p>

<p>Option 2: Sandwell creates an 'in-house' children's home provision.</p>	<p>Development and delivery of an 'in-house' residential provision/s. There are several ways in which this option could work, due to how children's social care is delivered in Sandwell i.e., via Sandwell Children's Trust.</p>	<p>Providers currently open homes based on being available to all, in house homes would be opened based on the needs of Sandwell children.</p> <p>Enables Sandwell to better step-down children into alternative, lower support, provision.</p> <p>Direct access to local services provided by Health, Education, Housing, and social care.</p> <p>Greater control of cost of placements, no profit incentive.</p> <p>There would be greater control over the provision, with beds solely available for the use of Sandwell children.</p> <p>More effective use of Sandwell Children's Trust professional staff time and on costs due to local provisions, i.e, statutory visits; expenses etc</p>	<p>Reputational Risks - the home will need to comply with Ofsted regulations and standards. An Ofsted rating of requires improvement or inadequate could have a negative reputational impact on the authority.</p> <p>Capital and operating costs - Initial capital investment may be considerable depending on available property. Revenue expenditure will initially be high per child placed due to the timescale required both to open and get to high occupancy rates.</p>
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Strategic Delivery Recommendation

Based upon the information and details outlined in this report, the recommended strategic delivery option is the development of in-house Children's Residential Provision within the borough of Sandwell.

Size and Type of Home Recommendation

The identified need for Sandwell is for small residential homes that can provide a home for children who have complex needs, who may be difficult to match with other children in placement. Alongside this, there is a need for emergency, short term accommodation for children and young people for whom a suitable living arrangement is not immediately available.

Almost 20% of the current cohort of children have come directly into residential care, in two-thirds of these cases, this was after a search for foster care was unsuccessful. There are also children whose placement may have broken down which means they need a new place to live immediately.

There is a need for emergency provision that can provide short term accommodation, particularly for children who are new entrants to care, while needs are assessed, support packages are developed and where required, longer term homes can be sought. This could be a move to a different residential home or to foster care. Short term, emergency provision would also reduce the need for high-cost unregulated placements.

It has long been suggested that providers may not accept children into their homes when needs are complex or there is uncertainty around need due to the potential impact it will have on their OFSTED rating. Additionally, there are a limited number of providers in Sandwell that offer small homes, with over 70% of homes having 3 or more beds.

Based on the above, it is recommended that the feasibility focus on the provision of:

1. A two-bed home for children with emotional and behavioural difficulties
2. A two-bed home that can offer shorter term placements for assessment and transition.

None of the provision would be registered to provide education on the basis that any educational support will come via mainstream services in Sandwell and the Looked After Children Education Service.

The expectation is that any direct therapeutic support that the young people in placement require, will be provided by local services in the same way other children with an assessed need are able to access services, however the current children in care CAMHS service does include some additional support to homes in the borough that are operated by Local Authorities.

Section 17 – Respite and Family Support

While opening 'in-house' homes addresses, to an extent, the issue of providers not offering homes that meet the needs of Sandwell children and the rising cost of homes for children in our care sourced from external providers, it does nothing to reduce the overall demand for such placements.

For each child supported to remain at home, the cost avoided of residential care would be in the region of £408,000 per annum. The method to do that would be similar to a short-term respite type of provision. Young people accessing that provision would do so for a maximum of

76 days per annum or 17 consecutive days. The aim of the short-term home would be to reduce the number of children cared for in high cost residential or support accommodation placements.

Based on the above, it is recommended that while the first two homes are being set up, further work be undertaken to assess the feasibility of a short-term respite provision.

Delivery options and key considerations for opening an ‘in-house’ provision.

There are several factors that need to be considered when looking at the delivery of an ‘in-house’ provision. A key factor for Sandwell will be that children’s social care services are not delivered directly by Sandwell Council but commissioned via Sandwell Children Trust.

Property/Land

Property is a key challenge in setting up a new children’s home, with the sourcing of a suitable property, suitable location, planning permission, any adaptations needed and ongoing costs being significant.

There are three options available when setting up a new home:

New build: This would involve sourcing land, designing a home/s, gaining planning permission and building the home.

Purchase and refurbishment: This would entail sourcing a suitable property, gaining planning permission for the change of use and refurbishing the property to the required standard.

Leasing: This would involve identifying a suitable property, negotiating a lease with the owner, and gaining planning permission for a change of use.

Sandwell Council are experienced in purchasing land for development and undertaking the associated tasks of design, planning and building. In addition to purchasing land, Sandwell Council also has a portfolio of land that could be utilised for the purposes of building a children’s home. Consideration could also be given to properties that Sandwell Council already owns being used as children’s homes, however they would need to align to the principle of being ‘a normal house on a normal street,’ which is an expectation of Ofsted when registering homes.

It is important to note, that even if Sandwell Council were the landlord, the ‘provider’ would be registered with Ofsted and have decision making over which children were accepted.

As part of the development of this feasibility study, discussions took place with Sandwell Council’s Housing Programmes team, to explore the potential of including the building of children’s homes within Sandwell Council’s social housing building projects. This would not be a short-term solution, due to the potential lead in time however, this could be a ‘stage2’ option i.e. if it were decided that additional homes were to be opened in the future, they could be built into Sandwell Council’s pipeline. One benefit of doing this would be, that planning permission would be part of a wider application for a development, as opposed to a standalone application, which tends to draw significant objections.

For building of a 3 or 4 bed provision, the following estimations for price have been made:

House Type H2 – 3 Bed - approx. 85sqm - £140,000.

House Type H5 - 4 Bed - approx. 115sqm - £190,000.
External Garden area – 75sqm £ 20,000.00.

The above gives an estimate of what it might cost to build a property however if this is the desired route chosen, the design work would need to take place to ensure that the property was suitable for use as a children's home. This may mean including sufficient space for an office, quiet space for young people and additional bathrooms. The cost of land is not included; this would be an additional cost but is difficult to estimate due to the lack of available data.

Refurbishment of existing housing would cost up to an estimated £1,200/m² depending on level of refurbishment, this does not include the price of purchasing a house. The average cost of a detached property in Sandwell, based on data from Rightmove, was £395,093 in 2023.

Property Suitability

To ensure the success of a children's residential home, there needs to be strong consideration of the property itself, as well as the location. This needs careful consideration, especially in the context of gaining Ofsted registration.

Child exploitation and gangs are a risk that must be considered. This can be managed through early engagement with the police and relevant teams to understand the risk of the location of any identified properties. Continued engagement with the police will be needed, to ensure the risks are managed on an ongoing basis.

To provide a homely feel to any property, there may need to be refurbish properties to the required standard, to meet legal requirements and planning permission obtained, if required. This will need to be considered and costed as part of the property sourcing process.

The opening of a children's homes does not in all instances require planning permission. Where the home is to operate like a normal family dwelling then only a Lawful Development Certificate may be needed, this would confirm that it is a lawful use of the building, and that planning permission is not required. There is case law that reflects the position that smaller homes do not require planning permission.

Community Engagement

A new residential home also has the potential risk of facing opposition by local communities who have concerns, based on how children's homes are portrayed in the media, that residential care provision may lead to anti-social behaviour, increased traffic and/or impact house prices. Consultation with the relevant community would have to be undertaken and carefully managed.

The reaction of the local community will be a significant 'unknown'. A Council in the West Midlands has recently opened two residential homes and the community reaction to that was at opposite ends of the spectrum. One home was welcomed, with residents considering how they could ensure that children placed, were integrated into the local community while the other had significant opposition, with public meetings being called to oppose its opening.

Sandwell Council has set up a webpage to give residents access to information on what children's homes are, why children might need to live in a children's home and link to a documentary about children's homes produced by the Independent Children's Home Association.

Mobilisation Costs

Another area of challenge is the upfront costs such as staffing, overheads and registration fees that would be incurred, in the lead up to Ofsted registration. Before Ofsted registration is in place, the home cannot support any children however, the provision needs to be fully staffed and trained to gain the registration.

Following registration being gained, there would still be a period before children move into the provision. This is likely to take several months to ensure this is done in an appropriate way to consider the differing needs of the children, to ensure they can be placed together using the matching process.

Setting up a home is a significant undertaking, if it were to be agreed that homes were to be opened, then consideration would need to be given to employing a suitably experienced professional to undertake this process.

Staffing

Recruiting staff is a challenge for all children's home providers, whether that be in-house or independent. The sector is highly regulated meaning that there is a need to employ staff experienced in childcare and a Registered Manager who meets Ofsted requirements. Children's homes need to prove that safe, high-quality care is being consistently delivered, as well as complying with new regulations and demonstrating that outcomes for children are improved.

The strict regulations of running and working in these homes can create individual and organisational stress, which can lead to low levels of retention. They can also be difficult places to work, requiring a high level of patience and resilience. Other reasons for low retention are the lack of career progression opportunities for those not driven by managerial roles.

Sandwell Council/Sandwell's Children's Trust may have some advantage in recruiting and retaining staff due to better terms and conditions of employment, the support mechanisms in place and increased career options over independent organisations.

There are currently significant challenges across social care in recruiting suitable staff, this includes recruiting children's homes managers and residential care workers. In 2023, the Outcomes First Group closed 28 homes stating that recruitment and retention of staff was a significant factor in that decision.

Third party provider

The market for children's residential care provision ranges from small independent to large providers across both the private and voluntary sector. There has been an expansion locally of new providers, many of these operate a single home and it is their first foray into providing residential care.

Sandwell Children's Trust undertook a procurement exercise in 2023, a block contract, for the provision of residential care. Providers were asked to submit a tender for the delivery of a two-bed provision, that would be exclusively available for the use of Sandwell's Children's Trust. Despite initial interest from providers during pre-tender engagement sessions, only one provider submitted a tender. This tender was non-compliant and therefore, Sandwell's Children's Trust were unable to proceed.

The Independent Children's Home Association (ICHA) commissioned Rome Consulting to undertake a 'state of the sector' survey in 2023. The survey reported that most providers had seen an increase in demand over the last 12 months but at the same time, less than half had added additional capacity. Occupancy level for most providers had also increased, meaning there were fewer beds available and consequently, less need to enter bespoke arrangements with purchasers. Almost three quarters were experiencing significant staff recruitment and retention challenges.

Soft market testing has taken place with providers to understand how willing they may be to enter an arrangement with Sandwell for the provision of children's homes, exclusively for Sandwell use. In this type of arrangement, the provider would be responsible for the registration of the home and providing the service with Sandwell setting up the home. A provider would be procured on the basis that they would work with Sandwell Council to identify a suitable property and once it was purchased and refurbished, they would operate it as a children's home.

One to one meetings were held with five providers, this included a small provider who operates two homes in Sandwell but has no Sandwell children in placement, a provider who has provision across the Black Country and currently works with Sandwell Children's Trust, a provider who have several homes nationally and operates in Sandwell and a large national provider who has children from Sandwell currently living in some of their homes. The same information was shared with all providers i.e. that following contract award Sandwell Council would work with the provider to set up the home following which they would be responsible for its registration and operation. The risk in respect of vacant beds would be shared and but if the home was judged by OFSTED as inadequate then the provider would not be paid for any vacant beds.

The responses from the providers varied:

- Two providers indicated, given the level of demand there is for placements, they would not seek to enter a partnership arrangement. They were confident in their ability to keep their homes fully occupied; they have the ability to accept children with less complex needs and therefore, be less likely to have their OFSTED standing impacted.
- Two providers advised that they would be interested in a partnership arrangement. One of these providers recognised that there were an increasing number of new providers and to ensure their long-term viability, they would need to consider framework and partnership arrangements.
- All the providers advised what they currently charge for a placement in a two-bed home. While it varied slightly the average cost was approx. £6,500 per week.

Emotional Well Being and Mental Health Support

Many children who live in residential homes will have some emotional wellbeing and mental health support need. Where the need cannot be met by universal services, additional support may need to be commissioned. In some cases, this support may be paid for by Health, but it will be at an additional cost. With most of the current cohort of children being placed outside of Sandwell, there is a reliance on the local health services being responsive to requests for support and even when funding is agreed to cover the cost of support, it may not lead to prioritisation.

The current children and young people in care service specification for CAMHS includes provision for some support to be provided to children in residential care, where they have an assessed need, when they are living Sandwell. They offer a consultation service to social

workers that can include the child's carers (in this case residential care workers) and some training and consultation for children's home staff where the CAMHS team is working with a child in that home.

The benefit of being able to access local CAMHS services is that they can work closely with social care staff and if a young person returns to the care of family, they can provide some continuity. This would not be the case if a child was moving from an out of borough placement back to Sandwell.

Education

When a child moves to a residential home that is outside of Sandwell, there is a reliance on the local authority in the areas they reside to find them a school placement; where they have an ECHP that will also need to be transferred. This can lead to delays in children accessing education provision. If a child is able to remain in Sandwell, there is a greater possibility that existing education places can be maintained, as they would still be residing locally. On occasions where the school placement cannot be maintained, due to the young person's needs, sourcing of a new placement would fall under Sandwell Council's responsibility. While school placements are being sourced, the young person would have readier access to the LACES team than if they were outside of Sandwell.

The voice of children and young people

The voice of children and young people would be a key element in the development of any in-house residential provisions. Their views and experiences of having lived in children's homes, would inform the physical design of any home. They would also be key partners in developing the operating model. They will likely have both, good and bad experiences of living in residential care and could share their experiences, however, children invariably share they want to remain in their known communities and being able to remain in Sandwell rather than moving out of borough is a key part of this.

It would be valuable to get children and young people involved in the recruitment of staff and be part of the ongoing quality assurance of any provision. In addition to the expertise of children and young people, several staff currently working for Sandwell will have previously worked in residential homes or closely with them. Drawing on that pool of experience would assist the development of the operating model and support the avoidance of any negative experiences that they may have suffered, reoccurring.

Finances

As detailed earlier in the report, the cost of a residential care placement can vary greatly. This could be linked to the size of the home (number of beds), how it is staffed, the age of the young person, the location of the home and who owns it.

There are many variables involved in calculating costs of operating a home, including the individual needs of a child or young person as costs are likely to increase where there are high needs of care or where the needs of the children placed mean that all placements are not filled, generally placements work at a maximum of 85% capacity. The estimated costs shown below have tried to accommodate some of these variables and are also based on costs incurred now with private and voluntary providers.

Estimated cost based on internal structured model and existing profile of spend

	Annual Cost of a 2 Bed Home
Estimated Annual Cost – in house	£6,900* x 2 beds x 52 weeks = £717,600 per annum
Estimated Annual Cost – Third-party provider	£6,500** x 2 beds x 52 weeks = £676,000 per annum
Estimated Annual Cost external provider	£9,000*** x 2 beds x 52 weeks = £936,000 per annum

*estimate cost based on modelling of the cost of a 2-bed provision

**the estimated cost for a third-party provider is based on the soft market testing undertaken and their current fee levels for 2 bed provision

***The approximate cost currently being paid for a young person with complex needs

Our cost modelling above indicates that there is potential saving between an 'in-house' or third-party provision when compared with the or 'do nothing' approach, although these are cost estimates. It is expected that the annual operating costs of an 'in-house' children's home will be funded by the reduction in spot placement costs of those children moving into the home.

Capital

Capital funding for the creation of children's homes has previously been included in Sandwell Council's Capital programme, this equates to approx. £2.625m over three years. Officials from the Department for Education have confirmed that capital funding will be made available for the creation of new residential provision the timetable for the submission of bids would be 28 February 2025. Any allocation from the DfE would require match funding. Bidders would be notified if they have been successful in the summer of 2025.

The total capital spend will vary depending on the route taken however, the cost of setting up homes could be managed well within the available budget.

As detailed earlier, there are three options available to set up a home, this section of the report will expand on each option.

New build: This would involve sourcing land, designing a home/s, gaining planning permission and building the home.

Utilising Rightmove and Zoopla, a search for land available for purchase that would meet our requirements, approx. 200 square metres for a single children's home, does not yield any suitable results.

Land that is available for purchase, or has recently been sold, is either too large i.e. it is land with planning permission for 10+ homes or where there has been land that would meet our requirements, one instance as of July 2024, the cost of purchase alone would be more than £500,000.

If Sandwell Council were able to find suitable land, the design work would need to take place, ensuring children and young people were fully engaged in that process, prior to seeking planning permission. This can be a significant barrier. Another West Midlands Council has recently been going through the process of setting up children's homes, while one of the homes gained planning approval with little issue, the second home they sought to open garnered significant opposition, to the extent that they had cease the process and look for an alternate site.

Based on land that has sold previously, Sandwell Council could expect to pay around £500,000. The cost of building a suitably sized property would be a further £210,000 with a contingency of around £20,000 required to ensure the home was appropriately set up to meet the needs of children being cared for.

The total approximate cost of taking this route would be £730,000 for a 2 bed children's home. Accounting for the time it would take to identify and purchase land, design a home, gain planning permission and build, the total time for the capital element of this option would be approx.15-18 months.

Purchase and refurbishment: This would entail sourcing a suitable property, gaining planning permission for the change of use and refurbishing the property to the required standard.

Based on data from Rightmove, the average price for a detached house in Sandwell was £395,093 in 2023. There are large number of properties currently listed for sale that would meet the requirements for a children's home ranging from £300,000 – 450,000. These homes are detached properties with space to accommodate 2 children comfortably with space for staff accommodation, an office and outdoor space.

Any home purchased to be used as a children's home would require a level of refurbishment; this could be as little as decoration and upgrading the fire protection to a full refurbishment. The estimated cost of this 1,200/sq m, for a home of approximately 115 sqm, the maximum refurbishment cost would be £143,750. A further £25,000 would be required for design and other associated fees.

Taking this route to creating a residential provision would cost approximately £613,000, this includes £450,000 for purchase, around £143,750 for refurbishment and £20,000 for design and fees. Accounting for the time it would take to identify and purchase a property, agree the refurbishment, gain planning permission, if required and then undertake any renovation would be approx.12-15 months.

Leasing: This would involve identifying a suitable property, negotiating a lease with the owner, and gaining planning permission for a change of use.

As of July 2024, there is one property listed on Rightmove in Sandwell available for rent which has the required space, internal and external, for a children's home. It is clear that extensive refurbishment of the property would be required before it could be used as a children's home. Based on this light touch search, the availability of property for rent/lease is limited. Sandwell Council would be led by availability and not preference i.e. Sandwell Council would not be able to identify a preferred location for a home. There would also be a requirement to enter a long-term lease with a provider, as well as agreeing any initial refurbishment work.

The cost of a rental property would be between £2,500-£4,400 per calendar month. Assuming the minimum period of lease to be 10 years to ensure long term stability, this would cost Sandwell Council £300,000 - £528,000 in rent. Rent would be an ongoing cost that would need to be added to the operational costs of the home, as opposed to Sandwell Council purchasing a house to be used as a children's home. There would be no capital asset that could be sold or repurposed if the home were to cease operation. Refurbishment/renovation cost would be on par with the previous option.

Accounting for the time it would take to identify a property, negotiate a lease, refurbish, and gain planning permission if required would be approx. 9-15 months.

Mobilisation

The mobilisation of an 'in-house' children's home would vary depending on whether the provision was delivered by Sandwell Council/Sandwell Children's Trust or in partnership with a third-party provider.

For a provision setup by Sandwell Council/Sandwell Children's Trust, staff would need to be recruited and trained in parallel with the building being set up. A project manager would need to be put in place to oversee the delivery of work, liaising with the relevant people to set-up the homes, recruit staff, develop policies and procedures, over-seeing the registration of the home. Ideally the registered manager would need to be recruited early, this would allow the home to be registered in a timely manner, as one of the barriers to opening a new home can be the recruitment of a manager. The staff cohort would need to be in place and ready to receive young people prior to Ofsted registration. Cost would be incurred without a saving being made on the use of other placements.

If a third-party provider were to be sought to deliver the homes, a procurement would need to be undertaken. There would be a lead time of up to three months to draft the tender documents followed by an invite for tenders. If successful in awarding a contract, Sandwell Council and Sandwell Children's Trust would need to work with the successful provider to identify a suitable property and get it to the required standard for registration. From contract award to registration, it would take around 12 months for the first home to be operational. As part of the preparation of the tender documents and draft contract, Sandwell Council and Sandwell Children's Trust would need to agree the point at which the provider would start to be paid e.g. it could be at the point the home is registered or earlier, to allow the staff group to be properly trained, prior to the first young person going to live in the home.

There is a need for Sandwell Council to take a long-term perspective in relation to decision making about how it provides children's residential care. Sadly, there will always be a need to provide such high-quality care for a small number of children from the borough. The needs of these children are always complex and have many facets. The costs of providing such care will therefore always be high.

Sandwell Council must put itself in the strongest position it can to ensure the needs of these children are well met with the best quality care, and the costs for such are managed well. Consideration will need to be given on how the homes are setup, if Sandwell Council chooses to apply to the DfE for capital funding e.g. the homes may have to be set up on a staggered basis, with Sandwell Council funding the capital cost for the first home and funding being sought from DfE for the second and subsequent homes.

A draft programme plan for decision making and the establishment of the in-house service is included below, the high-level phased plan is:

In-house delivered by Sandwell Council and Sandwell Children's Trust

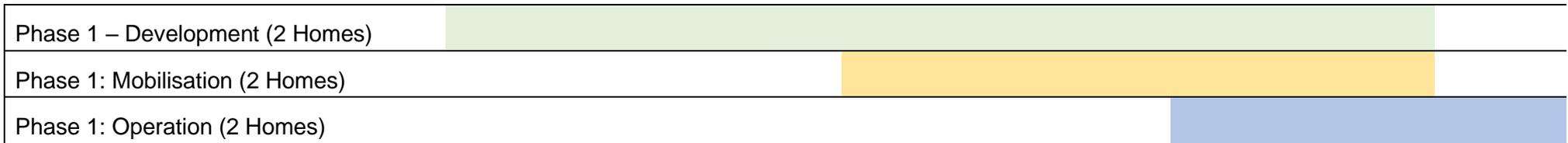
Phase	Task/s	Costs	Duration
Phase 1: Development	Development of the homes (capital) Development of residential policy, procedure, and operating protocols	Project Manager - £78,000 Capital (build or purchase) – Funded via the Capital Programmes allocation.	12 months
Phase 2: Mobilisation	Establish and recruit to operational service. Complete Ofsted Registration Process	Project Manager - £39,000 3 months staffing costs - £260,000.	6 months
Phase 3: Operation	Phased occupancy.	Project Manager - £13,000 Operational costs funded via placement costs being redirected	2 months

In-house delivered by Sandwell Council and Sandwell Children's Trust in partnership with a third-party provider

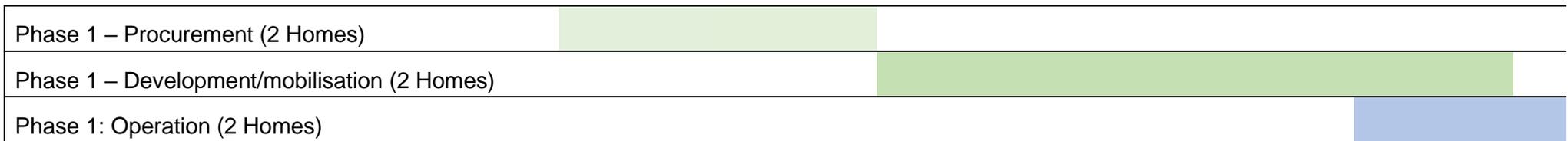
Phase	Task/s	Costs	Duration
Phase 1: Procurement	Development of tender pack, including detailed specification. Invite to tender, evaluation, and contract award.	Project Manager - £39,000	6 months
Phase 2: Mobilisation	Development of the homes (capital) Community engagement Contract Management Explore options for a respite/short term provision.	Project Manager - £78,000 Capital (build or purchase) – Funded via the Capital Programmes allocation.	12 months
Phase 3: Operation	Occupancy	Project Manager - £13,000	2 months

		Operational costs funded via placement costs being redirected.	
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Sandwell Council/Sandwell Children's Trust Provision



Third Party Provision



The above are both illustrative of the time it may take to set up homes. A detailed programme would need to be developed if approval is given to proceed. If third party provision was the preferred option and following procurement a contract could not be awarded, Sandwell Council and Sandwell Children's Trust would need to revert to the in-house provision option, this would add approx. 6 months to the timeline.

Option	Detail	Benefit	Key Risks
<p>Sandwell Council fund Sandwell's Children's Trust for entirety of delivery.</p>	<p>Following a scoping exercise, Sandwell Council would agree a sum to provide to Sandwell Children's Trust for them to set up one or more residential homes. Sandwell Children's Trust would be responsible for setting up, registration and operation of the home.</p>	<p>Responsibility for set-up and delivery would sit with a single organisation, under a single governance structure.</p> <p>Sandwell Children's Trust would potentially have additional freedoms, as a separate entity to Sandwell Council, to sell placements to other organisations to reduce void costs.</p> <p>Direct control over the placements.</p> <p>Priority to address the most complex cases and stop the use of unregulated and reduce out of borough Placements.</p> <p>Develop and grow own staff expertise.</p> <p>Local provision based on the specific needs of Sandwell Children</p>	<p>Sandwell Children's Trust do not have experience of delivering capital projects.</p> <p>Sandwell Children's Trust do not have recent experience of operating children's homes. There is a risk that in setting up and operating a new service, Sandwell Children's Trust's overall improvements could be impacted.</p>
<p>Sandwell Council undertake the entirety of delivery.</p>	<p>Sandwell Council would set up, register, and operate the homes, retaining responsibility for employing the staff. There would be a contractual relationship in place between Sandwell Council, as provider, and Sandwell Children's Trust as purchaser.</p>	<p>Responsibility for set-up and delivery would sit with a single organisation, under a single governance structure.</p>	<p>There is very limited operational social care experience within the organisation, additional posts would need to be created to oversee the provision.</p>

		<p>Sandwell Council has extensive experience of undertaking capital projects.</p>	<p>Sandwell Council would be responsible for registration with OFSTED and the associated inspection requirements.</p> <p>Sandwell Council would carry the financial risk of the provision not being used by Sandwell Children's Trust.</p>
<p>Joint venture with Sandwell Council and Sandwell's Children's Trust.</p>	<p>Sandwell Council and Sandwell Children's Trust would set up, register, and operate the homes in a joint arrangement. e.g., Sandwell Council would set up the home based on needs articulated by Sandwell Children's Trust, that could either be via purchasing an existing home and refurbishing it or building a home from scratch. The home would be registered by Sandwell Children's Trust and operated by them, with Sandwell Council retaining responsibility for the building.</p> <p>As part of the third-party procurement contract, it will be a requirement that any provider will be delivering and have a history of maintaining good to outstanding delivery service within current provisions they run.</p>	<p>The respective organisations work to their respective strengths i.e., Sandwell Council oversees the capital development and ongoing building maintenance while Sandwell Children's Trust operates the home/s.</p> <p>Sandwell Children's Trust can shape the provision to meet the current and future needs of young people.</p> <p>Homes staff would in available to redeploy when the home is not a full occupancy e.g., providing support to young people that may be at risk of being accommodated.</p> <p>As part of the procurement control measure</p>	<p>Neither Sandwell Council or Sandwell Children's Trust have recent experience of operating homes, given the proposal that these homes support children with complex needs there would be an increased risk of the homes being rated as requiring improvement or inadequate when inspected by OFSTED. This would be a significant reputational risk when set against the generally improving picture for children's services in Sandwell.</p> <p>The lack of experience in operating homes may also lead to poorer outcomes for children who live in them</p>

<p>Joint venture with Sandwell Council, the Sandwell Trust and private care provisions.</p>	<p>Sandwell Council would set up the home, a third-party provider would then be sought to operate the homes in a joint arrangement. Sandwell Children's Trust would be the sole purchaser.</p>	<p>The provider would be responsible for registration, staffing and inspection. They would hold responsibility for meeting regulatory requirements and satisfying OFSTED.</p> <p>The respective organisations work to their respective strengths i.e., Sandwell Council oversees the capital development and ongoing building maintenance the provider operates the home/s and Sandwell Children's Trust help to shape the provision based on current and future need.</p>	<p>There would be a reliance on the provider in accepting placements, given the expectation that the focus is on placing children with complex needs; this may lead to additional costs or providers requesting vacant beds are kept blocked.</p> <p>Some financial risk associated to the management of vacant beds in the home however this could be addressed in how the contract is structured.</p> <p>Soft market testing has been undertaken with one-to-one meetings taking place with a range of providers, both large and small, from these meetings there is interest in a partnership arrangement.</p>

Risk Assessment

The development of in-house children's residential care provision is multi-faceted and complex. There are accordingly a range of risks which may arise both, pre and post the operationalisation. Some of these are described in the review above; all will need to be monitored and managed in due course. The table below identifies the key risks, highlighting the potential likelihood and impact in each case and setting out the potential mitigation and control measures for each risk.

Risk	Notes	Mitigation/Control Measures	Revised Impact
No third-party interest	A procurement is undertaken for a third-party provider and there are no acceptable tender submissions	Provider engagement event prior to tender invite Contingency to move to delivery by Sandwell Council and Sandwell Children's Trust without a third-party provider.	Medium
Staff Recruitment & Retention	Competition in the market for appropriately qualified staff	Early development of a fully costed and resilient staffing structure Extended timeline for mobilisation for recruitment to key posts Phased occupancy implementation plan. Competitive recruitment and retention package for key management positions Enhanced internally delivered supervision and learning and development programme.	Medium
Operational Performance	Scope for poor or inconsistent operational performance leading to impact on staffing costs	Enhanced supervision and management oversight of staff team Children's Residential Board Chaired by Director of Children Services to track implementation and ongoing performance. Enhanced Learning & Development Programme	Low

Ofsted Registration	Delays or issues with registration leading to extended mobilisation period	<p>Early engagement with Ofsted and DfE on plans for in-house delivery</p> <p>Engagement with partner authorities on registration process</p> <p>Detailed review and project plan in place on requirements for successful registration application</p>	Low
Phased Occupancy	Delays in progress towards opening and full occupancy impact on continued external costs	<p>Existing review of children in residential and pre-planning appropriate moves to in-house provision</p> <p>Continuing rigorous oversight by senior managers of all children entering residential care to ensure appropriate placements are chosen.</p>	Low
Impact on associated services	Uncertainty on the potential impact on wider social care, administrative and corporate services	<p>General associated on-costs and corporate costs are factored into budget modelling for the in-house service.</p> <p>Early engagement with other council and partner services have evidenced a positive appetite for integrating and jointly delivering locally based services for our children.</p>	Low
Financial Performance	Uncertainty in demand for residential care exposes Sandwell Council to ongoing fixed costs of service delivery	<p>Detailed business case has been undertaken and identifies significant and ongoing demand for such provision amongst our children in care.</p> <p>Opportunity to sell places to partner authorities in future if voids remain.</p>	Low
Risk of harm to children and associated reputational damage to the local authority	Potential risks of harm to children from inappropriate placement area or care staff	<p>Detailed locality risks assessment undertaken in consultation with Police teams to understand the profile of risk on property selection.</p> <p>Safer recruitment policies completely under the control of the local authority to provide assurance on staff appointed.</p>	Low

		Operational policies completely under the control of the local authority	
Inflationary pressures	Increased cost of operation exceeds the expected benefits from in-house provision	Capital programme meets best industry standards for energy efficiency, therefore internal increased costs are likely to be lower than the market standard increases for private sector children's homes.	Low
Placements need	Uncertainty in demand for residential care leads to lower than expected occupancy in Sandwell children's homes	Detailed business case has been undertaken and identifies significant and ongoing demand for such provision amongst our children in care. Opportunity to sell places to partner authorities in future if voids remain.	Low

RECOMMENDATIONS

1. That Sandwell Council work in partnership Sandwell Children's Trust to procure a third-party provider to develop two children's homes, with Sandwell Council taking responsibility for the capital elements of the project, Sandwell Children's Trust employing a project manager who will oversee the project then registering and operating the homes.
2. The initial capital cost for the provision be met by Sandwell Council with the ongoing operation of the homes being funded by Sandwell Children's Trust via the placements budget they already hold as part of the Contract Sum provided by Sandwell Council.
3. Sandwell Council funds up to £130,000 for the project manager for a period of 20 months on the basis this funding is recovered within 5 years of the service becoming operational via reductions in the Contract Sum, the mechanism for doing that would be agreed between Sandwell Council and Sandwell Children's Trust.
4. That Cabinet agree the purchase and refurbishment of two properties to be used as children's homes subject to a satisfactory Capital Appraisal.
5. Further work be undertaken in respect of opening further homes, beyond the initial two homes, either as an extension of the partnership arrangement or to be directly operated by Sandwell children's Trust. This will include explore the feasibility of opening a respite/short term provision to prevent children coming into care.
6. The Service Delivery Contract be varied to incorporate the creation of children's homes and the associated financial and operational matters.
7. Agreement for Sandwell Council to submit a bid for capital funding to the DfE seeking up to 50% match funding.