

Item No. 12.	Classification: Open	Date: 1 February 2022	Meeting Name: Cabinet
Report title:		Gateway 0: Children's Residential Provision	
Ward(s) or groups affected:		All Wards	
From:		Councillor Jasmine Ali, Deputy Leader and Cabinet Member for Children, Young People and Education	

FOREWORD – COUNCILLOR JASMINE ALI, DEPUTY LEADER AND CABINET MEMBER FOR CHILDREN, YOUNG PEOPLE AND EDUCATION

The approval of GW0 reports is a decision reserved for the relevant lead member, however, the significance of opening children’s homes in the borough is such that I have brought this report to Cabinet for a collective decision as fellow corporate parents. As the Chair of our Corporate Parenting Committee, I am delighted to bring the following paper about children’s residential homes.

Developing local residential provision for children in borough is in keeping with our Corporate Parenting Strategy. We have 456 children in our care and 578 more working towards independence as they leave our care. The majority of children in our care are placed over 20 miles away from Southwark. We are trying to support more children in care by recruiting local foster carers, and developing more local housing.

Local residential placements mean that the children in our care can access all of the services and initiatives that we put in place for children and young people. This includes excellent schools of which 96% are good or outstanding, free mental health drop in facilities, a youth new deal which supports young people with access to education, training and employment as well as opportunities for scholarships to university. While foster care families are our preferred option for children in our care, it is not the right one for all children. Children’s homes provide a local home for children who need it.

Last year, I encouraged officers to submit a bid to the DfE who are looking to develop more residential homes for children. The children and adults team put forward a winning bid and secured £1.85m to invest in a in a property that we will own in the borough. The team have done brilliantly for our children in care, the pot of money to bid from was £19m and we have been allocated 10% of that fund.

The report proposes that up to three children’s residential homes in Southwark. We will develop a comms plans to ensure that we explain the key messages in this report so that all residents have an understanding about we are opening these important services for our most vulnerable children. Children in care are entitled to receive the very best start in life and this means being able to access the excellent

services that we and other agencies in Southwark have developed for all our children.

RECOMMENDATIONS

1. That Cabinet, as part of the corporate parent family, approve this strategic options assessment, which recommends opening up to three homes within the borough so that our children in care, who deserve the best start in life, achieve better outcomes.
2. That Cabinet note the next steps set out in the report.

BACKGROUND INFORMATION

Introduction

3. There are two primary routes which lead to children becoming 'looked after' or to them 'coming into care'. These are for a child to be accommodated with parental consent under section 20 Children Act 1989¹; or the child being made the subject of a Care Order under section 31 Children Act 1989.
4. The functions of local authorities in relation to children who are 'looked after' by them 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 2010² which are underpinned by guidance³
5. More generally, services for children in Southwark Council are graduated according to need. Southwark 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 become subject to formal Child Protection Plans.
6. 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 become looked after by the local authority as described above in paragraph 3. 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.
7. Where a child cannot be placed with a relative, friend, connected person or foster carer then a children's residential placement may be appropriate. The small minority of children living in children's residential homes (approximately 10% of looked after children in Southwark) are children that need specialist

¹ Children Act 1989

² Care Planning, Placement and Case Review Regulations 2010

³ The Children Act 1989 guidance and regulations (June 2015)

linked with disabilities and children who often have a history of living in multiple foster homes where carers have been unable to meet their needs.

8. Based on the work undertaken to date, there have been sufficient compatible children needing local placements over the past four years (to fill three five bedded homes). This indicates a clear need for:
 - More Southwark children currently in residential placements to be living closer to home. For most children local placements offer clear benefits including better connections with family and local services to support their needs.
 - Better outcomes for children from Black, Asian and Minority Ethnic backgrounds. Children with these backgrounds faced significant disadvantage both in terms of their identity and in terms of their education associated with their placement at a distance when compared to their white counterparts. Having provision locally will help address this imbalance and improve outcomes for these children.
 - An offer of wraparound support to meet the needs of children that links into the services within Southwark including partnerships with education, health and the Police. Discussions have commenced with stakeholders on the wraparound support (both out-reach or in-reach) to alert them to the potential developments, these will be formalised should it be agreed to source children's residential provision.
9. This report sets out the rationale and needs supporting the recommendations and next steps to addressing a significant gap in local provision.

Residential Care Definition

10. The Care Standards Act 2000⁴ 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 is supporting that the term "children's home" is protected and used only to refer to settings regulated by the Office for Standards in Education, Children's Services and Skills (Ofsted). Within this report the term residential home or residential care or children's homes, refers to children's homes run by a Registered Manager and staffed by paid employees.
11. 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.
12. 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, 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

⁴ Care Standards Act 2000

their experiences may display and act-out very challenging (often physically and verbally abusive) behaviours. There are mandatory qualifications for staff members to support them and the children in their settings.

13. In order 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 of this size are more likely to meet the regulations and gain registration from Ofsted.
14. There are a variety of 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 of time 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.

Knowledge about Residential Care

15. In July 2016, Sir Martin Narey's independent review of children's residential care was published⁵. The outcomes of the review provide a helpful summary of the key issues relating to the sector. The report is positive about the quality of children's homes, stating that "children living in homes in England are treated overwhelmingly well". The report makes recommendations for better use of children's homes by children's services, stating that children's homes should not be seen as institutions to be used only as a last resort. The report states "There is a very real and unmet demand for the greater use of children's homes as part of an initial assessment for older children when first coming into care, and those on the edge of care."
16. In her social care commentary: Creating The Environment for Excellence in Residential Practice⁶, Yvette Stanley, National Director, Social Care, Ofsted, shares what a sample of consistently good and outstanding children's homes have done to maintain their success. All had kept the same manager in post and Stanley's report gathers information on the common experiences of these managers to understand why they were so successful and what can be learned from their experience.
17. In relation to the statements of purpose of the home, the report highlights the work done by managers to ensure the whole team understand the vision and purpose of the home ensuring this is specific and relevant and owned by the team. The report highlights the enquiries made by managers to ensure new children are a good match for other children already living in the home, taking

⁵ Residential Care in England (June 2016)

⁶ Creating the environment for excellence in residential practice (February 2020)

a deep and personal interest to ensure the group will work well together. Managers are described as “hands on”, modelling the good practice they want, giving staff confidence in their practice with children.

18. The training and learning approach for the team are emphasised, as is a “can-do” attitude and ambition for children, celebrating their achievements and having both high aspirations for children and high expectations of them. Managers in the best homes hold the home’s budget. The importance of recruiting and retaining good staff featured highly. A common feature of managers was that they clearly identify staff as their most valuable asset and desire to support them as well as they possibly can, recognising that without an experienced, skilled and confident staff team, they cannot carry out their role effectively.
19. Other key documents updating knowledge of the residential care sector are referenced in more detail below.

Context

20. Section 22(3) of the 1989 Act sets out the general duty of the local authority looking after a child to safeguard and promote the welfare of the child. This duty is the foundation of all activity. This duty has become known as ‘corporate parenting’. In simple terms, ‘corporate parenting’ means the collective responsibility of the council, elected members, employees, and partner agencies, for providing the best possible care and safeguarding for the children who are looked after by the council.
21. 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 looked after child:
 - 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 Duty⁷).
22. In ideal circumstances, the proposed placement should meet all of the above criteria. However, this is not always possible and difficult decisions and compromises may have to be made.
23. When balancing whether a placement meets the needs of the child, living close to his/her home is the criteria that is most challenging need to meet. This is due to there being no residential care provision within the borough and the difficulties in identifying suitable local provision within London, this is a common picture across the capital. Additionally some children will however,

⁷ Sufficiency Statutory guidance on securing sufficient accommodation for looked after children (2010)

due to safety reasons, still need to be placed outside of Southwark – without local provision these decisions continue to be difficult and therefore there are some children who will not have the opportunity to stay connected to Southwark.

National Context

24. 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 registered managers, residential staff and the children and young people that live in them.
25. 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.
26. Recognising changes in the Residential Care sector over the past five years, the Local Government Association has recently commissioned reports on this subject. Newgate⁸ references the challenges for local authorities in successfully commissioning and operating Children’s Homes.
27. The study acknowledges the difficulty for local authorities in predicting the flow of placements. It describes the capital investment involved in purchasing and running a property, of obtaining Ofsted approval and of identifying a suitably skilled Registered Manager. Costs, which are higher in London and the South have distorted the market, with more capacity being available in the Midlands and North where property prices are lower. The study reports that demand substantially outstrips supply.
28. There are now four privately run homes for every local authority home; and the report provides positive examples of provision in local authorities which have taken recent decisions to increase in-house provision (including Stockton, Liverpool, Suffolk and Hertfordshire) and others (including Liverpool) which have established partnerships with the voluntary sector. It also provides examples of local authorities working together to improve commissioning, though notes that with demand being currently so far in excess of supply, these frameworks and commissioning hubs are often undermined by other authorities outside the hubs, which spot-purchase local placements.
29. The Profit Making and Risk in Independent Children’s Social Care Placement Providers paper⁹ focuses on the risk involved with the concentration of spending directed by local authorities towards the 16 largest providers, which make a weighted average profit of 17.4% of income (measured using the

⁸ Local Government Association Children’s Homes Research (January 2021)

⁹ Profit making and Risk in Independent Children’s Social Care Placement Providers (January 2020)

Earnings Before Interest, Taxes, Depreciation, and Amortisation EBITDA method).

30. The paper states that “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 methods of commissioning and procurement are struggling to influence the development of the market.”

London and Regional Context

31. Meeting the sufficiency duty is a particular challenge for meeting the needs of children from London and the south of England, as is illustrated by the table below. This indicates the average distance from home to the children’s home, by region, at 31 March 2018. There is more up to date information (at paragraph 55 below) about the average distance at which Southwark children are placed.
32. The council has taken a step towards meeting the commissioning challenge in relation fulfilling the sufficiency duty by joining the Commissioning Alliance. This is a partnership of 18 London Boroughs and has created frameworks for children’s residential care, independent fostering agencies and Special educational needs and disabilities (SEND) independent schools. These frameworks provide intelligence across the partners that enable evidence-based discussions in relation to commissioning planning, which has included the development of local (London) provision.

Region where child originally lived	Average distance in miles from the home to the children’s home
England	36
North West	21
Yorkshire and Humber	25
West Midlands	26
North East	28
East Midlands	29
South East	43
East	49
South West	54
London	60

(Source: Newgate p4¹⁰)

33. Given the capital expenditure costs of establishing homes in areas like London which have relatively fewer suitable properties available at commercially viable prices, it is perhaps understandable that independent providers operate more homes in areas of the country where capital expenditure on property and

¹⁰ Local Government Association Children’s Homes Research (January 2021)

staffing is lower. The trend therefore continues that new children's homes are established primarily in the North West and West Midlands.

34. Out-of-area placements are necessary to safeguard some children from gangs and child sexual exploitation, or in meeting certain specialist needs. However, placement at a distance makes it difficult for children to maintain relationships with their family and their peers, and for some children placement at a distance can increase risks. Location is an important factor which needs to be balanced with children's other needs.

Southwark Context

35. Southwark is an inner London borough with 43 children in residential placements (as at 1 February 2021). Due to there being no residential care provision within the borough, all children are placed outside of it. Out of these children over 68% are placed over 20 miles from their home with only 32% placed within a 20 mile radius of Southwark.
36. Of these 43 children, 10 (33%) are White British and 33 (77%) are from Black, Asian and Minority Ethnic backgrounds. The impact of these children being placed further away from Southwark is explored later in this report.
37. Southwark faces many of the same challenges as other neighbouring London Boroughs. The numbers of children in residential homes are similar, the difficulties in identifying suitable local provision are similar and the cost of placements is increasing.
38. The case files of Southwark children show that approximately a quarter need to be placed at a distance from Southwark, and this need is likely to continue. However, it is not clear that placements at a distance necessarily improve the safety of these children. Some of those placed at a distance maintain contact with their networks, go missing more frequently and for longer durations, and/or establish unhelpful connections with other networks where they are placed.
39. Attendance with education is a problem for around half the children in residential care. A large proportion have Education, Health and Care Plans (EHCPs) and access to provision is often exacerbated when children change placements in emergencies because it takes time to get children registered with a new school. This has been offset more recently by the wider availability of remote tuition, albeit some children are reluctant to engage with this.
40. As with younger children, many young people in this age group benefit from therapeutic support to address the traumatic experiences of their childhoods and in better placements this support is also provided for staff teams to help them understand and contextualise children's behaviour.
41. Often children who have had foster care breakdowns have a period of deteriorating behaviour prior to a move to residential care. Others have sudden breakdowns. Most commonly breakdowns follow some sort of violent behaviour and consequently foster carers, and sometimes parents, refusing to

have children remain living with them. Children's case files show some children coming into residential homes in an emergency when with more time it would have been possible to place them in a foster home had the right sort of home been available. For some of these children there is evidence of behaviour improvement when moved to residential homes.

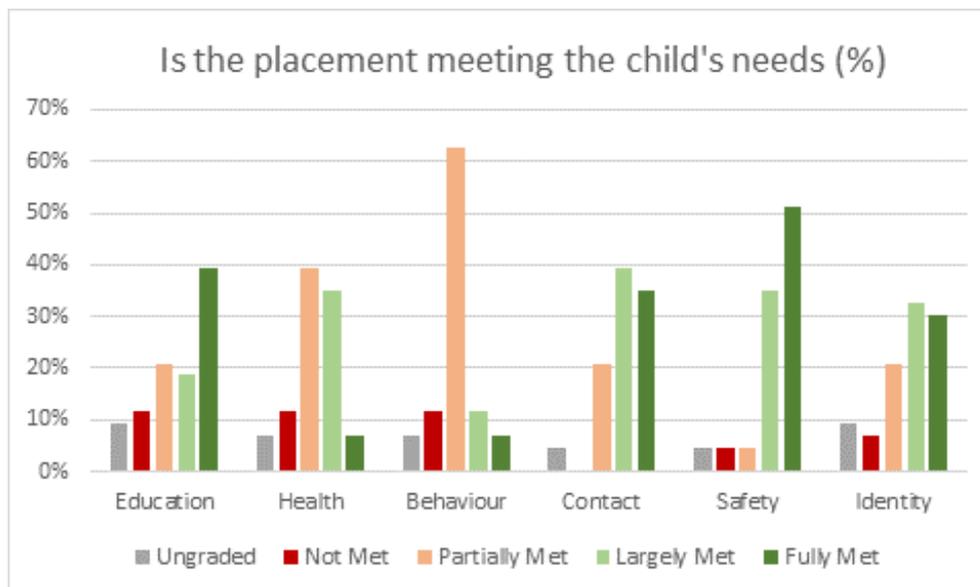
42. Within Southwark the children can be grouped into the following three categories based on the support provided to meet their needs:

- Residential provision – a child placed in Ofsted registered care and support accommodation.
- Semi-independent provision – a child placed in unregulated support accommodation.
- All Age Disabilities (AAD) Service – a child or young person who has a severe to profound and permanent disability(s) which may include a learning disability, physical disability, communication difficulties, visual or hearing difficulties or complex health needs.

The Current Residential Population

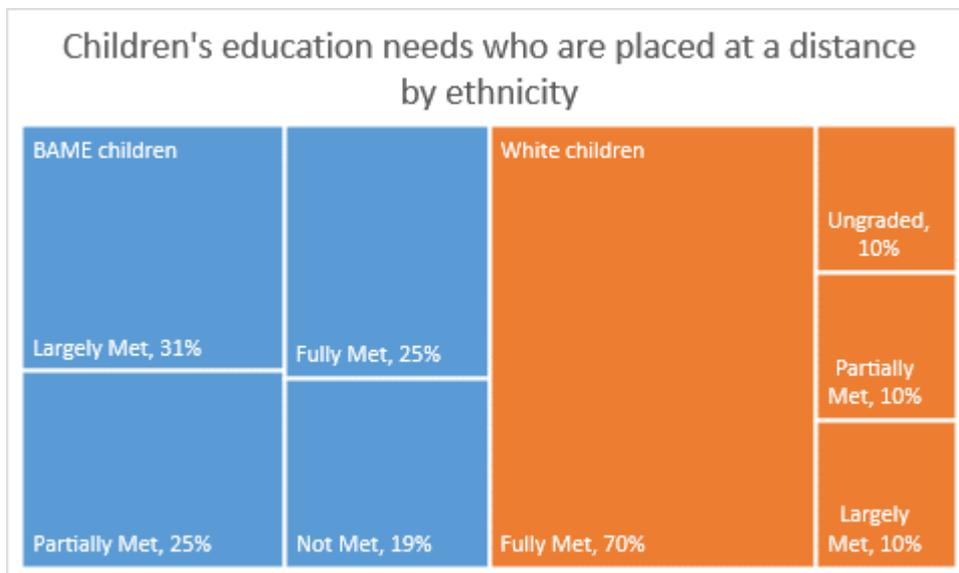
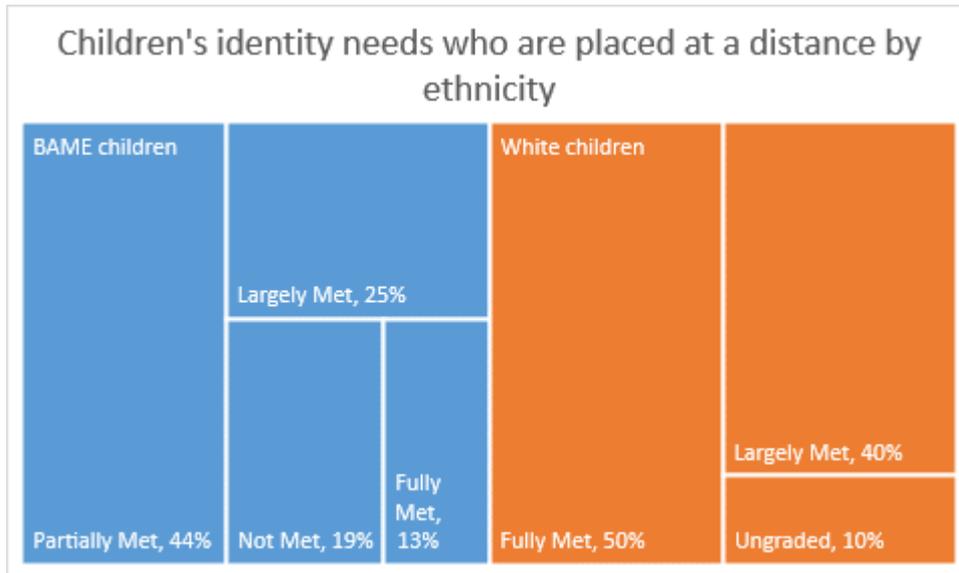
43. A study of the case files of the 43 children in residential placements (as at 1 February 2021) was undertaken. Twelve of the 43 children were worked with by the All Age Disability (AAD) Service to meet their needs.

44. The files of children currently in residential placements and placed at a distance were scored by social workers according to how their needs were met under different headings. The scorings are represented in the bar chart below.



45. It was notable that children who were from Black, Asian and Minority Ethnic backgrounds faced significant disadvantage both in terms of their identity and in terms of their education associated with their placement at a distance when compared to their White counterparts.

46. In short, while the scorings for other areas of children’s lives were comparable between different ethnic groups, 90% of white children placed at a distance were scored as having their identity needs fully or largely met compared with 38% of Black, Asian and Minority Ethnic children. And in relation to education, 80% of white children placed at a distance had their educational needs fully or largely met compared with 56% of Black, Asian and Minority Ethnic children.



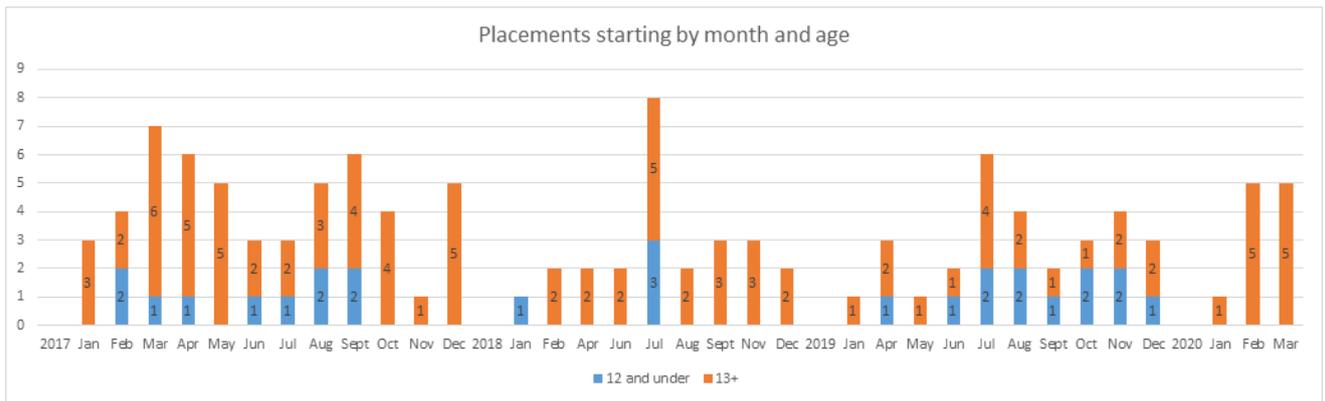
47. Placements for older children are generally of a shorter duration than for younger children or for children worked with by the All Age Disability Service. Over the past four years, there has been some limited use of unregulated placements in the 13-15 year old age group reflecting a difficulty in identifying residential placements for some children in the group, especially in an emergency.
48. Despite the shorter duration, residential placements for this group of children often do offer some stability. It is not uncommon to see repeat foster placement

breakdowns followed by a more stable first residential placement. Many files and conversations with social workers demonstrate the high value professionals attribute to placement stability.

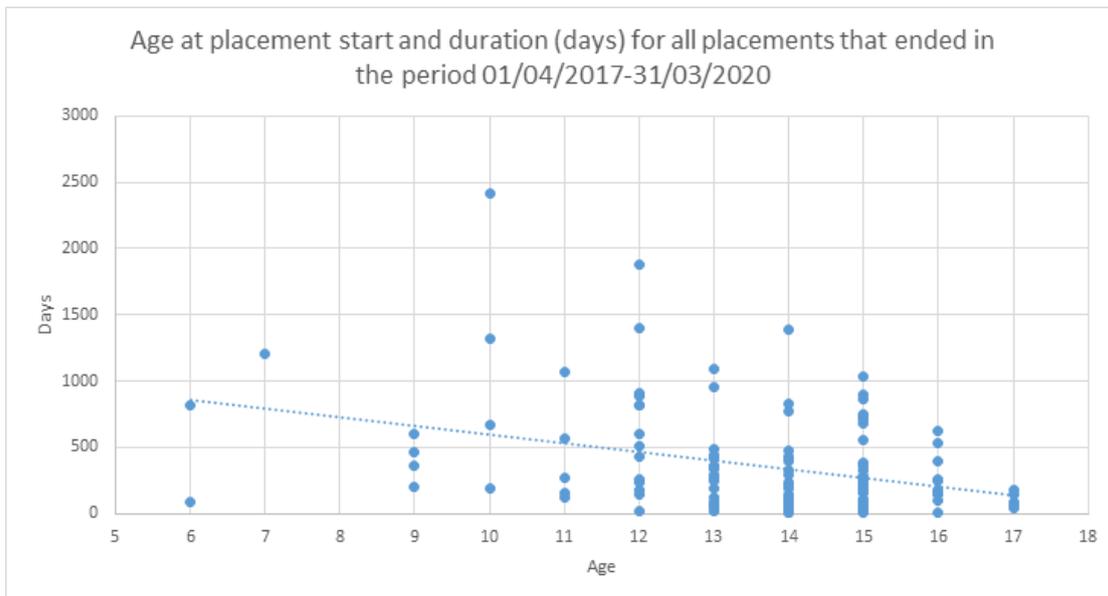
49. However, the value of stability for children with multiple previous disruptions can lead to an acceptance of placements which only partially reflect the child's assessed needs. A period of assessment undertaken in a short term residential home could enable a more balanced assessment of the child's needs and better specification of the foster or residential home which could meet their needs in the longer term.
50. There is clearly a need in terms of numbers for more local children's homes for all age groups. Case files and conversations with social workers clearly show that many children would benefit from being placed closer to home and in an environment similar to where they have grown up. A short-term residential children's home with a specific assessment function would also help determine which children would benefit most from placement in a local longer-stay children's home.
51. 16-17 year olds are less likely to be placed in residential homes as most are able to live in supported semi-independent accommodation. Semi-independent accommodation is not regulated by Ofsted and there is a national consultation underway about proposed standards for the sector. A proportion of these 16-17 year olds have high levels of needs and are in high cost placements.
52. Further analysis is underway to understand the needs of Southwark young people living in semi-independent accommodation, alongside the accommodation needs of care leavers more generally. There is ongoing work with Housing colleagues to review and identify the best pathways for different groups of young people, how existing accommodation can best be used, and the addressing the increasing need for affordable housing.

The Changing Residential Care Population

53. As part of the study, the files of children in residential care between 1 April 2017 and 31 March 2020 were also reviewed to provide a long term picture of the children in residential care over the time period.
54. Southwark's use of residential children's homes, secure units and semi-independent provision (17% of all looked after children) is in line with similar local authorities to Southwark (statistical neighbours) average (18% of all looked after children).
55. The table below shows the flow of children coming into and leaving residential placements. As illustrated, there are more new placements made for children aged 13 and over (amber) compared with younger children (blue).



56. The smaller number of younger children starting placements is offset by the longer duration of these placements compared to placements for children in the older age group. The table below shows the length of placements (in days) on the vertical axis and the age of the child on the horizontal axis. The dotted best fit line shows the relatively shorter duration of placements for older children.

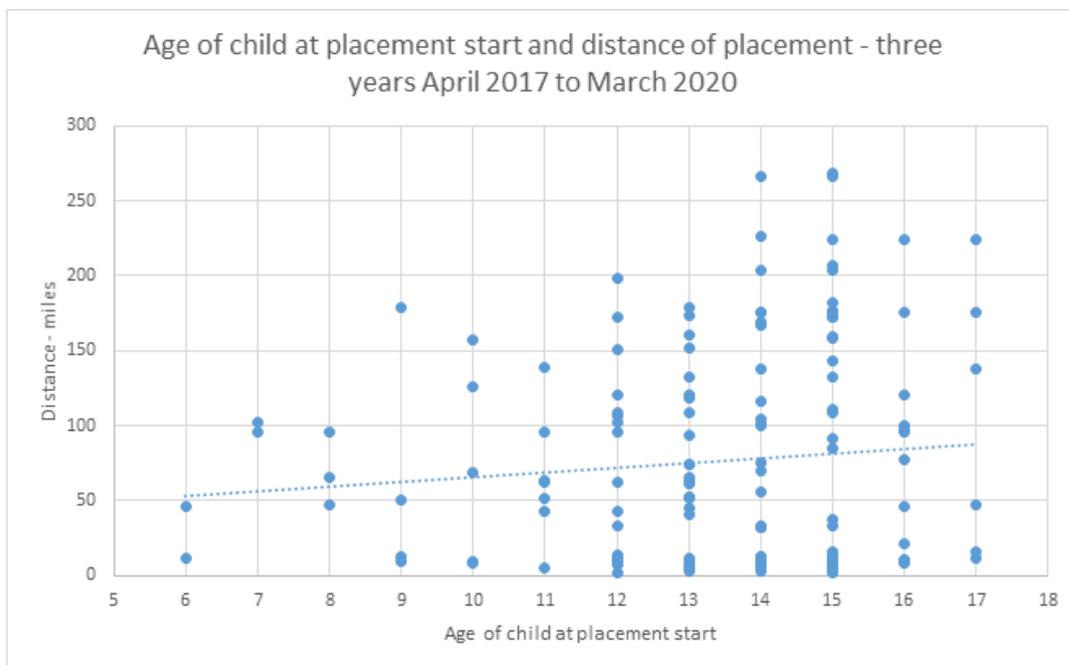


57. This is the same placement duration information in table format (the medians are indicated by arrows):

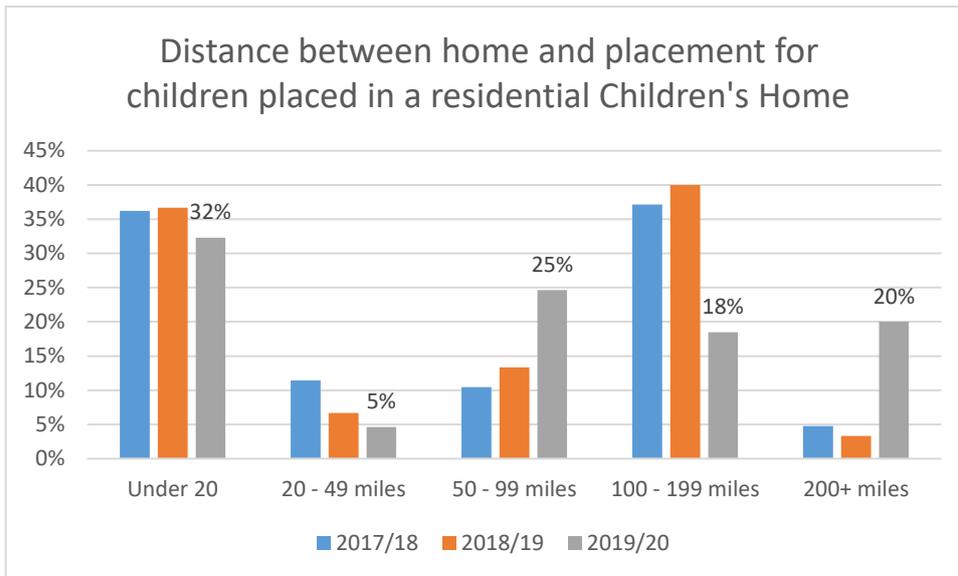
	Age											Grand Total	
	6	7	8	9	10	11	12	13	14	15	16		17
< 7 days										1	1		2
< one month							1	1	5	3			10
< three months								4	7	5		3	19
< six months	1					2	1	1	5	7	4	2	23
< a year				2	1	1	3	9	6	11	3		36
< two years				2	1	1	3	4	4	6	3		24

	Age												Grand Total
	6	7	8	9	10	11	12	13	14	15	16	17	
Two years+	1	1			2	1	6	2	3	5			21
Grand Total	2	1	0	4	4	5	14	21	30	38	11	5	135

58. Average placement distance for all children over the period between 1 April 2017 and 31 March 2020 is 75 miles. The graph shows average distance tends to increase as children get older.
59. Placement distance does not correlate with children being at risk of offending, but there is more correlation with children at risk of sexual and criminal exploitation (the average distance for this group is 101 miles).



60. Based on children in placement between April 2017 and March 2020, the chart below shows the distance between home and placement for children living in residential homes.



61. The high number of children placed at a distance continues in the current financial year. On 1 February 2021 68% of children in residential children's homes were placed more than 20 miles from Southwark.

How Residential Care Needs Are Currently Met in Southwark

62. 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.
63. In Southwark this involves referral of the child to one of a number of residential home providers appointed to a framework organised by the Commissioning Alliance – a sub-regional local government organisation currently used by 18 London Boroughs. If this search presents no suitable results and if there is a pressing need for a suitable placement, a search is also conducted through the Council's own Access to Resources Team for a placement and a spot-purchase can be made outside the framework.
64. Around a half of residential placements are made in circumstances of pressing need. Usually owing to a foster placement breakdown, following a succession of other foster placements having already broken down, and the social work team making a decision that a residential placement would better meet the child's needs, particularly the child's need for a period of stability.
65. It should be noted that the market for both foster homes and residential homes is unbalanced, with the need for this provision outstripping supply.

The Experience of Children in Residential Care

66. A child being placed away from home provides challenges in any circumstance however this is further compounded for children from Black, Asian and Minority Ethnic backgrounds who have found themselves in areas of the country where they may feel like an outsider.

67. The statement above is demonstrated when comparing how well the children's needs are being met in comparison to their white counterparts. The starkest difference being in:
- Identity - 90% of white children placed at a distance were scored as having their identity needs fully or largely met compared with 38% of Black, Asian and Minority Ethnicity children.
 - Education, 80% of white children placed at a distance had their educational needs fully or largely met compared with 56% of Black, Asian and Minority Ethnicity children.
68. The lack of children's residential provision within Southwark at present means that this issue is likely to persist and children from Black, Asian and Minority Ethnicity backgrounds are going to continue to be disproportionately impacted.
69. Among the smaller number of younger children coming into residential placements, files show high needs in terms of the children's behaviour and mental health. The children have often had traumatic starts to their lives and have usually struggled in foster care settings.
70. Residential placements for younger children are less common, but are more stable. Case files for these children show optimism around the prospects of therapeutic input and stability providing children with a chance to overcome their difficulties and returning to be cared for in a family home.
71. The strong therapeutic offer within the borough could help further improve outcomes for all children but specifically the younger age group. Discussions with key stakeholders have commenced to understand the wraparound support needed for a successful children's residential home, this will be further progressed upon following approval of this report.
72. In both the context of the Southwark Stands Together programme¹¹, and the council's duty as a corporate parent, having local provision within the borough will help to address this imbalance and help children achieve their outcomes at such a formative time in their lives.
73. A joined up approach is critical to meeting the needs and achieving the outcomes the children deserve. It is important to underline that this provision will require ongoing input and commitment from a wide range of key stakeholders both within the council and externally.

Current residential care spend

74. In order to understand the current residential care spend, the 31 children who are not being worked with in the All Age Disability Service were analysed to understand the differential of costs and the causes of these.

¹¹ Southwark Stands Together Programme (August 2020)

75. The cost per week for placements covers a wide range from £3,200 to £8,500 with a summary found in the table below:

Cost Range (£ per week)	No of Children
8,000+	1
7,000-7,999	2
6,000-6,999	3
5,000-5,999	6
4,000-4,999	11
3,000-3,999	8

76. As at 1 February 2021, the weekly cost for placements among the 31 children (excluding AAD) was £155,362. It is important to note that this is a snapshot and the costs can vary, as can the number of children in placement.
77. It is also important to caveat the summaries below that they are referring to 31 children only, as such any outliers can shift the averages substantially.
78. An investigation was undertaken on the various factors that contribute to the placement costs including age, gender, ethnicity, location of placement and additional placement costs. The following conclusions have been reached:
- Children aged 12 to 15 have the highest average placement cost ranging between circa £5,000 for 13, 14 and 15 year olds to circa £6,300 for 12 year olds.
 - 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 £8,500 per week.
 - Children from Black, Asian and Minority Ethnicity backgrounds have higher average placement costs than their White counterparts. It is important to note that children from these backgrounds make up 74% of all placements, however this doesn't necessarily indicate that ethnicity of children causes a difference in placement costs.
 - The data indicated that the distance of placements away from Southwark did not drastically impact upon cost. For example the average cost of placements over 200 miles away from the borough is very similar to those under 20 miles from the borough.
 - Over 50% of the children in placements have additional costs above their standard placement cost. These cover additional 1:1 or 2:1 staffing, education or health/therapy costs.
79. In summary, the core determinant of spend are the needs of the children as opposed to distance from Southwark, age, gender or ethnicity. These are typically made up of additional costs to cover staffing, education and/or health.
80. In considering the delivery model the staffing and wraparound services including health and education will be further investigated to ensure the needs can be met.

81. Further exploration will take place on costs outside of placement fees such as travel costs by the child, family and professionals such as social workers. This will be considering as part of the delivery model and the impact this has on the council's budget.
82. It is anticipated that some children will still need to be placed outside of the borough due to safety reasons or for specialist provision to meet their needs. This will be further investigated and proposed through the Gateway 1 report.

What the sector looks like

83. As of April 2020, there were just over 2000 private and voluntary children's homes in England. The 10 largest providers owned 616 and therefore have a market share of around 30%.
84. Caretech Holdings PLC (191 homes) was the single largest provider, owning almost double the number of children's homes than the next largest provider, Keys Group Limited (G Square Healthcare Private Equity) (98 homes). The 191 homes owned by Caretech account for 31% of homes owned by the 10 largest providers and 9% of all private and voluntary children's homes nationally.
85. As of February 2021, 10 Southwark children were placed with the largest 10 providers. These were all outside of London.
86. There are 99 registered independent children's homes in London. Between them, they offer up to 519 available spaces. There are only 172 London children placed within these homes. If we assume that these homes are running at 80% occupancy (ICHA data 2020) this leaves 415 used beds. Meaning London is only using 40% of the occupied capacity.
87. The rationale for 80% occupancy is due to the competing needs of the mix of children leading to difficult matching. As such this level of occupancy is considered as being normal within this children's residential provision.

KEY ISSUES FOR CONSIDERATION

Options for or barriers to securing local provision

Property Cost

88. 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. This is further compounded for property within London which typically comes at a premium.
89. While some organisations will have the capital to invest in a property, others will prefer to lease a home. This leasing approach is particularly prevalent in smaller or third sectors organisations will most likely prefer to lease a property.

90. One solution may be if the local authority could make suitable property available. This could persuade more organisations to open a home locally and widen the potential market for providers. As part of market insights undertaken to date a number of providers did indicate that having the property already sourced would be an attractive option.
91. Southwark Council are experienced in their development and homes building capabilities and are experienced at procuring properties. As such are in a position to consider sourcing properties from their portfolio, or purchasing new properties, that may be suitable for a children's residential home. Additionally, the council has in-house expertise to source properties. This would require collaboration from corporate property colleagues to be successful should this be a preferred option.
92. Owning the property may allow for the property acquisition, fit-out and certain premises related mobilisation costs to be incurred as capital costs and the revenue could be focused on ongoing premises maintenance costs and care provision.
93. It is important to note that even if the Council were the landlord, the commissioned provider would be the registered provider and have decision making over which children were accepted.

Property Suitability

94. In order 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.
95. Child exploitation and gangs are a risk that will need considering. This can be managed through early engagement with the police and relevant teams to understand the risk of the location of any identified properties. Ongoing engagement with the police will be needed to ensure the risks are managed in an ongoing basis.
96. In order to provide a homely feel to any property there may need to be refurbish properties to the required standard to meet legal requirements and potentially planning permission obtained. This will be considered and costed as part of the property sourcing process.
97. A new residential home also has the potential risk of facing opposition by local communities who have concerns 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.

Upfront Costs

98. 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.

99. Following registration being gained there would still be a period before suitable children move into the provision. This is likely to take a number of 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.
100. From the market insights undertaken providers indicate that they would be more amenable to operate a home on behalf of a local authority if they had assistance with set up costs or a longer contract that would enable them to recoup these costs.

Staffing

101. Recruiting staff is a challenge for the all children's home providers¹², 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.
102. 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 resilience¹³. Other reasons for low retention are the lack of career progression opportunities for those not driven by managerial roles.
103. As part of the market insights work undertaken, providers did indicate having the local authorities' assist them with recruitment, such as advertising, may help to provide a level of mitigation for this.
104. Local authorities 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.
105. The council is a London Living Wage (LLW) employer and has the Fairer Futures Procurement Framework, which requires the payment of LLW, as a minimum, to staff working on Southwark contracts.
106. The above points will be further explored and quantified within the Gateway 1 report.

¹² Local Government Association Children's Homes Research (January 2021)

¹³ Residential Care in England (June 2016)

Future service requirements and outcomes

107. Nationally, 91% of local authorities are exceeding their budget for children's social care. In London the financial shortfall is £185m per annum (ISOS 2019). Nationally, there has been a 22.5% increase in the cost of residential placements since 2013 (Public Accounts Committee 2018). With wildly different prices paid by local authorities for the same provision¹⁴.
108. There is also limited supply. London has 14% of the country's looked after children population but only 5% of residential homes. Estimates indicate there is a 58% shortfall of residential provision in London.
109. This leads to a high number of looked after children placed outside of London – away from family and communities. A lack of supply and competition between local authorities is leading to rising placement costs.
110. In short it is difficult to find the right placement, in the right place at the right time.
111. To reiterate what was stated in paragraph 8, based on the work undertaken to date, there have been sufficient compatible children needing local placements over the past four years (to fill three five bedded homes). This indicates a clear need for:
- More Southwark children currently in residential placements to be living closer to home. For most children local placements offer clear benefits including better connections with family and local services to support their needs.
 - Better outcomes for children from Black, Asian and Minority Ethnic backgrounds. Children with these backgrounds faced significant disadvantage both in terms of their identity and in terms of their education associated with their placement at a distance when compared to their white counterparts. Having provision locally will help address this imbalance and improve outcomes for these children.
 - An offer of wraparound support to meet the needs of children that links into the services within Southwark including partnerships with education, health and the Police. Discussions have commenced with stakeholders on the wraparound support (both out-reach or in-reach) to alert them to the potential developments, these will be formalised should it be agreed to source children's residential provision.
112. In meeting the needs of all Southwark children there are considerations which will be further expanded upon and addressed as part of developing the procurement strategy that will be presented to Cabinet for decision:

¹⁴ Residential Care in England (June 2016)

- Agree a vision statement for this work in consultation with children.
- Ensure the local homes can keep children safe. A separate home for younger children will be considered.
- Identification of potential properties including how these best fit the requirements of a residential home. Need for corporate colleagues to prioritise identifying the relevant sites.

Strategic service delivery options and assessment

113. The following represent the service delivery options that are being considered as part of this report:

- In-house – develop our own service.
- Regional arrangement – engage with other local authorities in a shared protocol allowing each other access to capacity to in-house provision.
- Fully commissioned service - tender for an existing children’s home provider to source property and run the service.
- Commissioned residential care service - council to source property and tender for a provider to run the service.
- Jointly commissioned service Pan-London or regionally.
- Pan-London Vehicle (PLV) - Secure and Complex Residential
- A combination of all or some of the above.

In-Source and External Procurement Options

114. The market for children’s residential care provision ranges from small independent to large providers across both the private and voluntary sector.

115. Officers are undertaking early market engagement events which will give an informed insight into the market’s view on, capacity to deliver a children’s home within the borough, level of interest, challenges, barriers and key areas to consider when developing a new home. Various procurement options and contracting arrangements are also being reviewed with the market in order to inform the future procurement strategy.

116. Developing local residential children’s homes will assist in keeping children close to their family, community and those that know them best. It would help reduce the dependency on high cost residential placements wherever they may be placed. It would also reduce the risk of the use of unregistered placements for the more vulnerable 16 and 17 year olds.

117. Regardless of the options pursued, the following will need to be considered as part of the project:

- Increased demand on local services - An additional cohort of children with complex support needs living within the borough will require significant investment in support services from social care as well as our partners in education, health etc. This will require some considerable scoping with local partners.

- Fluctuating occupancy rates - Matching children with complex needs together in larger homes will be difficult at times leading to inconsistent occupancy rates which in turn may cause budget pressures and frustrations within senior leadership.

118. The options set out below are aimed to deliver the short term ambition of achieving one 5 bed children's residential home in the first instance, with the potential for opening additional homes in the longer term. This may include the potential to develop a hybrid of options where assessed to be beneficial.

119. All options will be considered further and set out within a Gateway 1 report including an indicative timeline for the short and long term approach. From this report a preferred procurement route will be proposed should an external procurement be the selected method to deliver this service:

Option 1 – Do nothing and continue with the current purchasing arrangements

120. As per paragraph 27, the council could do nothing and allow the sector to continue to develop without any intervention.

Considerations

121. A number of local authorities in London are seeking to intervene in their localities. The interventions range from opening their own services, commissioning new services and/or partnering with the independent sector. These interventions are for the benefit of the young people that they are responsible for and therefore access to these services will be ad hoc and therefore not address the issues related to outcomes set out in this report.

Option 2a – In-house

122. Having an in-house residential provision will importantly enable a better step down to lower support provision such as fostering or return to family. Direct access to all the in-house services will help form a holistic joined up approach using the same therapeutic models.

123. The home could also provide short term planned respite to children and young people on the edge of care.

124. Having a local authority run home will also give the local authority the ability to develop employment and training opportunities for Southwark's social care staff.

Considerations

125. Achieving excellent outcomes and value for money - Southwark used to run its own children's homes. The decision to re-enter the sector should take into account the reasons for closing the homes and the lessons that these reasons provide to ensure that the council successfully opened and sustained Good or Outstanding homes.

126. 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.
127. 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

Option 2b – In-house with a regional arrangement – engage with other local authorities in a shared protocol allowing each other access to capacity to in-house provision.

128. Southwark could open our home/s and offer access to other local authorities in exchange for the same opportunities within their homes. The benefits are that we keep children closer to home in not-for-profit accommodation well linked to local services. It does however come with increased reputational risk as we will be caring for another local authority's children.
129. Sharing provision is a way of increasing the number of possible referrals being matched to the homes which should improve the occupancy beyond 80%.
130. The simplest way of sharing in-house capacity with another local authority is by offering the capacity on a dynamic purchasing vehicle (DPV) each week that a 5th bed is occupied will bring an income of c.£4k which can reduce running costs or offset other external spend.

Option 3 – Fully commissioned service (provider to resource and run home)

131. This option involves the council conducting a competitive tender exercise to commission a single provider to source a suitable property in the borough of Southwark to establish a 5 bed children's home which can be registered with Ofsted.
132. The provider would be responsible for the infrastructure, management, staffing and all necessary steps such as; identifying a suitable property, refurbishment, recruitment of staff (in particular a registered manager) and Ofsted registration.
133. Southwark would commission placements on a block purchase arrangement, either:
 - 5 beds in the residential home for the duration of the contract or
 - Up to 3 beds with the other beds being available to other local authorities on a spot purchase basis.
134. A commissioned provider would protect from many of the risks associated with operating residential children's homes. Like an in-house provision, it will increase local residential sufficiency. The specification could be prescriptive

regarding the service to be provided and placement costs could be determined within the contract.

135. The costs of a commissioned service are likely to be high for a one or two home service, similar or higher than for the local authority to run although this will have to be tested with the market. Any private or voluntary organisation may need a similar capital and revenue commitment from the local authority to an in-house project.
136. The advantages and disadvantages of this procurement option are set out in the table below:

Advantages	Disadvantages
<ul style="list-style-type: none"> • Council utilises provider expertise in establishing a children’s home. • Provider would take on all the risks associated with operating a residential children’s home. • Increase local sufficiency. • Guaranteed number of beds will be available in borough for the duration of the contract. • Service specification can be prescriptive to ensure high quality services are provided. • Placement costs can be fixed. 	<ul style="list-style-type: none"> • Contract price could be high due to the level of risks placed on the provider being costed into contract price. • Contract may not be attractive to prospective bidders, due to the risks associated with setting up a home. • Small independent providers may not be able to tender for this option due to the setup costs and initial investments required. • A prescriptive specification may put off providers from bidding. • Linking support and property may create an issue in the future when recommissioning the support part of the service. • Council will have less control over service delivery. • Referrals could be rejected if deemed too high risk. • Not maintaining high occupancy rates will be expensive. • Works better for larger local authorities where they have 4 or more homes, improving efficiencies and the ability to match more effectively.

137. This option will require further analysis into the differing contracting arrangements available to ensure an acceptable level of risk for both parties.

Option 4 – Commissioned residential care service (council to source property and provider to run home)

138. Similar to option 2, however the council will identify or purchase property that could be used and be refurbished for a residential home, and the provider is commissioned to run the service.

139. The council will identify a suitable property from its existing housing stock. The responsibility of ensuring the property is fit for purpose will lie with the council and the provider will be responsible for completing the necessary steps to register the home with Ofsted.
140. The costs of a commissioned service are likely to be high for a one or two home service, similar or higher than for the local authority to run although this will have to be tested with the market. Any private or voluntary organisation may need a similar capital and revenue commitment from the local authority to an in-house project.
141. The advantages and disadvantages of this procurement option are set out in the following table:

Advantages	Disadvantages
<ul style="list-style-type: none"> • Finding a suitable home within the council's housing stock should be less problematic than a provider sourcing a home. • A contract for a provider to run the home in a council property will simplify the tendering process when the contract is retendered. • A contract for running the home only, should be more financially viable to smaller independent providers who may not have the economic and financial capacity to tender for a fully commissioned service. • Increase local sufficiency. • Guaranteed number of beds will be available in borough for the duration of the contract. • Service specification can be prescriptive to ensure high quality services are provided. • Placement costs can be fixed. 	<ul style="list-style-type: none"> • Council is responsible for the capital expenditure and the risks associated with establishing a residential home. • A prescriptive specification may put off providers from bidding. • Council will have less control over service delivery. • Referrals could be rejected if deemed too high risk. • Not maintaining high occupancy rates will be expensive. • Works better for larger local authorities where they have 4 or more homes, improving efficiencies and the ability to match more effectively.

Option 5 – Joint commissioned service with neighbouring boroughs

142. Officers will explore the level of interest from other neighbouring boroughs to form a joint commissioning arrangement however a number of factors will need to be aligned such as timescales and the service meeting the needs of Southwark residents as well as another borough/s.
143. Initial research has shown that local authorities are either opting to join local or regional procurement consortia established to procure residential care through frameworks and spot purchasing agreements, or are looking into developing their own in-house provision rather than entering into a joint commissioning arrangement.

144. Of the children currently in residential provision, 74% were placed there on spot contracts and 26% through a dynamic purchasing vehicle (DPV). Providers, especially local providers, are choosing to not join these contracts as it gives them better choice of the children (matching) and a greater flexibility in pricing.
145. Block contracts give the provider guaranteed regular income stream and is generally more attractive if it involves multi-home projects. A successful example is the Thames Valley Cross Regional project which supplies 30 beds for 5 local authorities. In 2020 they had an occupancy rate over 90%.
146. These contracts could be negotiated by the strategic commissioning group at a regional level either through the proposed Pan London Vehicle (mentioned below) or through another regional arrangement.
147. The benefits are that they allow for increased occupancy rates and may allow access to more specialist provision.
148. For providers they are better able to manage occupancy levels while minimising any financial risk.
149. Officers will further review any opportunities for a joint approach through the work being developed to inform the procurement strategy.

Option 6 – Pan-London Vehicle (PLV) – Secure and Complex Residential

150. This option will require the council to collaborate with other London local authorities to establish a company limited by guarantee which will then be owned jointly.
151. The PLV project initially intends to commission the build of secure children's homes and subsequently commission the service provision within these homes. Provisions for complex adolescent residential and emergency/assessment is also in scope of this project.
152. The intention of the PLV is to commission a number of new homes and increase provision across London to enable good local options for children that will keep them close to families, schools and health.
153. London Leaders have agreed for a Pan-London Vehicle ("PLV") to be established - A company limited by guarantee and owned by the London local authorities ("LAs").
154. Its first phase will be to commission the build of the secure children's home ("SCHs") project for London and subsequently commission the service provision within these homes.
155. Its second phase, over the next 3 years, will be to support boroughs to jointly commission between 30 - 60 new homes depending on the level of commitment. These homes will be required to be opened across London - in

every borough, to enable good local options for children. Options that will keep them close to family, school and health.

156. The contract model will be developed to share the risk between local authorities and the provider and incentivise quality of care and education. The vehicle will be the mechanism used to commission placements jointly – a consistent pan-London solution.
157. Joining up the commissioning capacity across London to reduce duplication and inefficiency. Focusing on innovative market shaping strategies that deliver more in-London placements. Strategies that share the risks between the boroughs and the providers to encourage a more diverse provider base.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Project aims to focus on innovative market shaping strategies that deliver more in-London placements. • Risks are shared between the participating boroughs and the provider. • Strategy will encourage a more diverse provider base. • Quality of care and education will be incentivised. • Commissioning placements jointly will lead to a consistent approach across London. • Joining up the commissioning capacity across London will reduce duplication and inefficiency. 	<ul style="list-style-type: none"> • The timescales for this project do not align with Southwark as it is a medium to long term plan. • The project relies on sufficient number of local authorities to commit to the project as well as the availability of land and financial support.

Market considerations

158. Commissioning have undertaken market insights sessions with providers to understand the market. The following were the key themes that providers fed back to the council as being important:
- Smooth registration process with Ofsted.
 - Good communication channels with local Ofsted inspector.
 - Service focussed on referrals that are matching needs rather than age.
 - Service developed with neighbouring boroughs, a growth model to service expansion.
 - Local care leavers champion and good practice example of local Police champion (Nottingham).
 - Support to continue education in a mainstream school setting.
 - Therapeutic guidance and support for home staff.
 - Upfront set up costs and financial support during mobilisation.
 - Support with recruitment.

Decommissioning Services

159. Not applicable.

Policy Implications

160. London Borough of Southwark (LBS) has a duty under the Children Act 1989 (section 22c) to provide sufficient placements in the locality, as far as reasonably practical, to meet the accommodation needs of children looked after and of our care leavers.
161. Southwark's Children Looked After and Care Leavers Placement Sufficiency Strategy 2018-2022¹⁵ sets out the Council's vision, values and principles to meet this duty on a local level:
- Be the champions our young people deserve
 - Deliver high quality care, support and accommodation services
 - Do our best to enable families to stay together
 - Keep children and young people safe at all times
 - Keep children and young people's needs and wishes central to our work
 - Keep all children and young people in care and care leavers well informed about their rights and where to go for help
 - Empower children and young people to take control of their own lives and realise their full potential
 - Deliver proactive support that secures the best long term outcomes for all children and young people
 - Ensure the views of children, young people and their families inform service improvement
162. The Borough Plan 2020-22¹⁶ sets out the eight priority themes that demonstrate how the council will achieve the seven vision statements in the plan. The provision of this service will contribute to the delivery of the following commitments.
- Vision 5 states that the council aims for 'all children and young people in the borough to grow up in a safe, healthy and happy environment where they have the opportunity to reach their potential'.
163. In response to the impact of COVID-19 on Black, Asian and Minority Ethnic residents, the council embarked on a listening exercise with the communities of Southwark to gain an insight into the barriers and experiences of inequalities Black, Asian and Minority Ethnic communities face in their daily lives. Southwark Stands Together commits to root out inequalities by implementing the recommendation from the Southwark Stands Together work against racial inequalities and injustice.

Recommended Strategic Delivery Option

164. Based upon the information and details outlined in this report, the recommended strategic delivery option is the development of Children's

¹⁵ Children Looked After and Care Leavers Placement Sufficiency Strategy 2018-2022

¹⁶ Southwark's Borough Plan 2020-22

Residential Provision within the borough of Southwark and future investigation and details of the approach to delivery of this service will be undertaken to progress that option.

165. To aid the delivery of a sufficient accommodation it is recommended for corporate property to aid in the sourcing of suitable properties to deliver Children's Residential Provision and any accommodation needs that may follow the semi-independent analysis detailed in paragraphs 46 and 47.

Identified risks for the service and recommended strategic option

166. The identified risks are as set out below:

	Risk	Detail	Mitigation	Risk Level
1	Ofsted do not register the provision	Ofsted require the staffing and property to be ready before they can inspect and register the provision	Early engagement with the local Ofsted officer to engage them in the process and offer the best chance of the provision being registered	High
2	A suitable property is not available to deliver the provision from	Ofsted will not register the provision if the property is not adequate for delivery.	Some potential properties have been identified however engagement from corporate property is requested to mitigate further.	Medium
3	Lack of interest from the market (should external procurement be the preferred option)	Financial and operational challenges faced by providers may result in low interest in bidding for this provision.	Initial soft market testing has indicated that there will be sufficient interest by providers in applying for this tender with the council however this will need shaping to ensure the provision is attractive.	Medium
4	Affordability	The council may not be able to afford the costs whether delivered in-house or commissioned.	Robust financial modelling will be undertaken on all options to ensure that the price put forward within the Gateway 1 is accurate and that funding streams are fully explored.	Medium

Key/Non Key decisions

167. This is a key decision.

Next Steps

168. Following approval of the recommendation detailed within this report a Gateway 1 Procurement Strategy report will be produced to provide detail on the identified options. This will include:

- Detailed cost modelling for each option
- Further engagement with the market
- Benchmarking with established and well performing residential homes
- User consultation (including development of a vision statement)
- Development of a detailed service model
- Detailed timescales for delivery
- Best fit analysis of potential properties for service delivery.

Service Delivery Project Plan (Key Decisions)

Activity	Complete by:
Enter Gateway 0 decision on the Forward Plan	30/12/2020
Gateway 0 shared with Children and Families DMT	12/07/2021
LMB Review Briefing	20/07/2021
DCRB Review Gateway 0	04/08/2021
CCRB Review Gateway 0	12/08/2021
Notification of forthcoming decision - IDM	19/08/2021 (estimated)
LMB Approval of Gateway 0: Strategic Options Assessment	27/08/2021
Briefing to Chief Officer Team	06/09/2021

Community, equalities (including socio-economic) and health impacts

Community impact statement

169. These services within this report will provide care and support to looked after children, young people and their family networks under the care of Southwark.

170. It is believed that having in-borough children's residential provision will have a positive impact in relation to the groups identified as having a "protected characteristic" under the Equality Act 2010 and the councils' equality agenda. An Equality Impact Assessment will be produced to further understand and quantify the impact.

Equalities (including socio-economic) impact statement

171. Officers are mindful of the need to have due regard to the Public Sector Equality Duty imposed by section 149 of the Equality Act 2010, which requires the Council to:

- Eliminate discrimination, harassment, victimisation or other prohibited conduct;
- Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and those who do not share it.

172. It is believed that having in-borough children's residential provision will have a positive impact in relation to the groups identified as having a "protected characteristic" under the Equality Act 2010 and the councils' equality agenda. An Equality Impact Assessment will be produced to further understand and quantify the impact.

173. In line with the Southwark Stands Together Programme, the Council pledges to:

- promote an open and transparent culture where employees who experience/see racism or discrimination are able to raise it and expect the issue to be dealt with swiftly and fairly
- listen to and amplify our diverse voices within our organisations on how we create an inclusive, fair and representative workplace at all levels
- work to address and prevent structural racial inequalities and structural racism within our organisation, the organisations we partner with and within the service the service we deliver
- champion organisations that address racial injustice and organisations that promote equality and diversity
- ensure that people of all backgrounds can rise to the top of the organisation.

174. It was notable that children who were from Black, Asian and Minority Ethnic backgrounds faced significant disadvantage both in terms of their identity and in terms of their education associated with their placement at a distance when compared to their white counterparts. Having provision within the borough can help to address this imbalance and help children achieve their outcomes.

Health impact statement

175. The health and wellbeing of Southwark looked after children will be at the core of the work for this service as the council.

176. Key impacts that the provision will aim to address which predate the pandemic but now are even more prominent are for example:

- Nationally, school attainment for looked after children is much lower compared with non-looked after children at all key stages.
- Looked after children are almost 10 times as likely to have a statement of special educational need or an education, health and care plan (EHC) than all children.
- Looked after children with a statement or EHC plan are more than twice as likely to have social, emotional and mental health needs.

Climate change implications

177. Following council assembly on 14 July 2021, the council has committed to considering the climate change implications of any decisions through a Climate Change Strategy¹⁷.
178. All current children are placed outside of the borough. Having children's residential provision within Southwark will reduce the need in the future for some children to be placed at such a distance and is anticipated to reduce emissions due to decreased travel. Some children will however, due to safety reasons, still need to be placed outside of Southwark.
179. In the development of properties for this provision climate change will be a key focus and careful consideration will be given to impact of buildings to ensure alignment to the Climate Change Strategy action plan around 'Greener Buildings'.
180. The Gateway 1 report will further quantify the climate change implications of the proposed provision.

Social Value considerations

181. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing any procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured. Social value considerations and how the delivery of these services can benefit the local area are detailed below:
182. The Gateway 1 report will detail how the recommended option will demonstrate Social Value.

Economic considerations

183. The options considered within this report intend to support the local economy by providing jobs for local people. As per the Council's commitment any workers will also be paid London Living Wage (LLW) as well as adhering to the requirements of the "Ethical Care Charter".
184. The Gateway 1 report will further quantify the economic impact of the proposed provision.

¹⁷ Climate Change Strategy July 2021

Social considerations

185. The Provider(s) will be expected to meet the London Living Wage (LLW) requirements for services provided. Given the need to recruit and retain high quality staff, it is considered that best value will be achieved by including this requirement.
186. Should the decision be made to tender for the service within the Gateway 1 report then as part of the sourcing/tender process, bidders will be required to confirm that they will be paying LLW and the benefits that this will provide to the council. As part of any tender process, bidders will also be required to confirm how productivity will be improved by payment of LLW. Following award, these quality improvements and any cost implications will be monitored as part of the contract review process.
187. In accordance with the council's Fairer Futures Procurement Framework, any successful Provider would be expected to recognise trade unions.

Environmental/Sustainability considerations

188. All current children are placed outside of the borough. Having children's residential provision within Southwark will reduce the need in the future for some children to be placed at such a distance and have a positive environmental impact due to decreased travel. Some children will however, due to safety reasons, still need to be placed outside of Southwark.
189. Ahead of any home opening, the current placements will be reviewed to ascertain the best suitability for children placed outside of the borough to be moved back into the new provision.

Plans for the monitoring and management of project

190. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. Commissioning must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.
191. The contract will be performance managed by the contract monitoring in Children's and Adults' Services in conjunction with operational service leads from Social Care. Managing and monitoring of the contract will include:
- Compliance with the specification;
 - Performance measurement of the provider;
 - Service user outcomes;
 - Service user satisfaction;
 - Stakeholder satisfaction; and
 - Annual report to Directorate Contract Review Board and Corporate Contract Review Board.

192. The service will be evaluated on an annual basis to ensure the delivery meets the outcomes required and is meeting the Council's Sufficiency Duty. This will involve engagement between the Council and the provider to allow for an opportunity for co-production to measure and maximise positive outcomes for looked after children.

Resource implications

193. The recommended options proposed within this report will be further explored and a Gateway 1 Procurement Strategy Report will be produced for approval.
194. Developing the Gateway 1 report will have staff resource implications. The Assistant Director for Commissioning Children, Adults and Families is responsible for resourcing the Commissioning function to deliver this work.
195. Operational staff involvement will be key to ensuring a clear strategy and service model that delivers high quality service provision, which complements and supports operational delivery.

TUPE/Pensions implications

196. There are no TUPE/Pensions implications arising from this report. Any implications from future changes will be set out in a Gateway 1 procurement strategy report.

Financial implications

197. The focus of developing provision within the borough is to better meet the needs and outcomes for Southwark's looked after children in its duty as a corporate parent.
198. Detailed cost modelling on the options proposed within this report will be further explored and a Gateway 1 Procurement Strategy Report will be produced for approval.

Investment implications

199. Should the Council source and maintain any buildings as part of this project there is an opportunity for consolidating the capital costs with care costs and achieving better value for money.
200. The sourcing and maintenance arrangement of any buildings will require the support of corporate colleagues, in particular property, to identify suitable buildings from the council's stock.
201. The above assumptions will be tested and quantified within the Gateway 1 Procurement Strategy report.

Legal implications

202. Please see concurrent from the Director of Law and Governance.

Consultation

203. Consultation has been undertaken with the market and operational colleagues to date. This will be expanded upon as detailed in the proposed next steps and include consultation with service users and their families.

Other implications or issues

204. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance REF: [10bDK2021-22]

205. The Strategic Director of Finance and Governance notes the contents of this report, and specifically the comments written under Financial Implications. Any budgetary pressures resulting from recommendations in this report will have to be contained within current budget provision, whilst capital requirements will have to be requested via the Council's capital investment process.

Head of Procurement

206. This report seeks approval from the Deputy Leader and Cabinet Member for Children, Young People and Education approve this Strategic Options Assessment for delivery of Children's Residential Provision services for Southwark Council.

207. The Deputy Leader and Cabinet Member for Children, Young People and Education notes that the key issues are detailed in paragraphs 85 to 105, procurement options are detailed in paragraphs 112 to 156, the risk are detailed in paragraph 156, confirmation of the payment of London Living Wage is detailed in paragraph 182, management and monitoring of the contract is detailed in paragraphs 189 to 191.

Director of Law and Governance

208. This report seeks approval of the Strategic Options Assessment for delivery of children's residential provision services.

209. Under the council's Contract Standing Orders a pre-procurement/gateway 0 report is required for any service contract with an estimated contract value of £10m or more. As noted in paragraph 163 the recommended strategic delivery option is the development of children's residential provision within the borough and paragraph 167 notes that the detail of the procurement strategy will be confirmed in a Gateway 1 report.

210. Paragraph 169 acknowledges the Public Sector Equality Duty imposed by section 149 of the Equality Act 2010 and notes that an Equality Impact Assessment will be produced to further understand and quantify the effect and impact of in-borough children's residential provision on individuals and groups

identified as having a “protected characteristic” under the Act and the councils’ equality agenda.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Residential Care in England (July 2016)	Children’s and Adults’ Services, 160 Tooley Street, London, SE1 2QH	Genette Laws 07908 669001
Link (please copy and paste into browser): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/534560/Residential-Care-in-England-Sir-Martin-Narey-July-2016.pdf		
Social care commentary: creating the environment for excellence in residential practice (February 2020)	Children’s and Adults’ Services, 160 Tooley Street, London, SE1 2QH	Genette Laws 07908 669001
Link (please copy and paste into browser): https://www.gov.uk/government/speeches/social-care-commentary-creating-the-environment-for-excellence-in-residential-practice		
Local Government Association Children’s Homes Research (January 2021)	Children’s and Adults’ Services, 160 Tooley Street, London, SE1 2QH	Genette Laws 07908 669001
Link (please copy and paste into browser): https://www.local.gov.uk/sites/default/files/documents/Childrens%20Homes%20Research%20-%20Newgate.pdf		
Profit making and Risk in Independent Children’s Social Care Placement Providers (February 2020)	Children’s and Adults’ Services, 160 Tooley Street, London, SE1 2QH	Genette Laws 07908 669001
Link (please copy and paste into browser): https://www.revolution-consulting.org/wp-content/uploads/2020/03/Profit-Making-and-Risk-in-Independent-Childrens-Social-Care-Placement-Providers-Final-29-Feb-2020-report.pdf		
A Review of the Residential Child Care Services in the London Borough of Southwark (1991)	Children’s and Adults’ Services, 160 Tooley Street, London, SE1 2QH	Genette Laws 07908 669001
Link (please copy and paste into browser): https://www.whatdotheyknow.com/request/179946/response/476129/attach/3/Social%20Services%20Inspectorate%20Report.pdf		
Southwark Stands Together Programme	Children’s and Adults’ Services, 160 Tooley Street, London, SE1 2QH	Genette Laws 07908 669001
Link (please copy and paste into browser): https://www.southwark.gov.uk/southwark-stands-together-workforce-workstream/the-southwark-stand-together-pledges		
Children Looked After and Care Leavers Placement Sufficiency Strategy 2018-2022	Children’s and Adults’ Services, 160 Tooley Street, London, SE1 2QH	Genette Laws 07908 669001

Background Documents	Held At	Contact
Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/documents/s76190/Appendix%201.pdf		
Southwark's Borough Plan 2020-22	Children's and Adults' Services, 160 Tooley Street, London, SE1 2QH	Genette Laws 07908 669001
Link (please copy and paste into browser): https://www.southwark.gov.uk/council-and-democracy/fairer-future/council-plan		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Jasmine Ali, Deputy Leader and Cabinet Member for Children, Young People and Education	
Lead Officer	David Quirke-Thornton, Strategic Director of Children's and Adults Services	
Report Author	Daniel Lilley, Senior Commissioning Officer, All Age Disabilities	
Version	Final	
Dated	20 January 2022	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Governance	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	No
Date final report sent to Constitutional Team		20 January 2022