

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Cabinet

**Date:** 09/01/2023

**Subject:** Membership of Pan London Vehicle (PLV) for commissioning children's social care placements

**Report of:** Cabinet Member for Children and Education – Councillor Alex Sanderson

**Report author:** Sarah Bright, Assistant Director for Children's Commissioning

**Responsible Director:** Jacqui McShannon, Strategic Director of Children's Services

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### SUMMARY

This report seeks approval to become a member of the Pan London Vehicle (PLV), a not-for-profit commissioning organisation for a five-year period from 1st April 2023 to 31st March 2028.

The company, owned by London local authorities, of which LBHF would be one, will be established to oversee the development and running of a secure children's home (SCH).

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### RECOMMENDATIONS

1. That LBHF becomes a member of a not-for-profit company, limited by guarantee, provisionally to be known as the Pan London Vehicle (PLV), to:
  - Develop and then oversee the running of London's secure children's home provision for a five-year period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2028 (with a break-point after three years), at a fixed annual cost of £20,000 payable only once the provision has launched (subject to inflation adjustment), unless an alternative model for funding is agreed by members during the development phase.
  - Collaborate with other PLV members on future joint commissioning programmes.
2. That LBHF commits in principle to joint oversight and risk/benefit sharing, through the PLV, of the secure children's home provision, for a five-year period to 31<sup>st</sup> March 2028, including the build, service development and service commissioning phases, subject to ratification after the revision of the SCH business case, and renewable on a ten yearly cycle thereafter (break-point after five years).
3. That Cabinet delegates authority to the Strategic Director of Children's Services, in consultation with the Director of Finance, Monitoring Officer, and Cabinet Member for Children and Education to:
  - finalise the legal documents required to set up, join and run the PLV, and

- make the final determination on the Council’s membership of the PLV, following completion of the revised SCH business case and, if appropriate, enter into all the legal agreements, contracts and other documents on behalf of the Council required to implement and run any aspect of the PLV arrangements, and
- exercise the break clause if it is not considered appropriate to proceed with membership of the PLV.

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**Wards Affected:** All

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Our Values	Summary of how this report aligns to the H&F Values
Creating a compassionate council	A regional approach to commissioning will support the development of an increased supply of local provision and reduce the number of young people placed at a distance from London, leading to better outcomes for children and their families.
Being ruthlessly financially efficient	The PLV will enable us to access specialist provision at a competitive rate. More local provision will reduce travel costs and ensure a more efficient use of social worker resource.
Taking pride in H&F	Investing in the development of specialist provision to ensure that our children with complex needs have suitable placements which enable them to maintain family and community networks, lead to better outcomes for young people.

**Financial Impact**

Membership of the Pan London Vehicle requires an annual commitment of £20,000 payable only once the Secure Children’s Home has opened (estimated to be between the end of 2025 and the start of 2026). As such, the total cost over the five-year initial membership period (from 1st April 2023 to 31st March 2028) will be a maximum of £60,000 (subject to inflation), depending on when the SCH opens. The annual fee is a contribution to the estimated running costs of the company. The process for dealing with annual inflation adjustments and any variances to budget between the PLV and partner authorities will be outlined in the legal documents (expected to be finalised in early 2023 and then approved by member LAs).

The annual estimated fee of £20,000 can be funded from existing underspends in the Children’s Services placement budget (forecast underspend of £300,000 on Looked After Children and Care Leavers placements as at period 6 in 2022/23). However, it should be noted that placement budgets are volatile and demand led, so are subject to unexpected change.

As part of the PLV, the Council will commit in principle to joint oversight and risk/benefit sharing. Risks include reduced value for money if there are placement voids in the children’s home (as certain costs, such as staffing, will be fixed). Joining the PLV and having access to local specialist provision at a competitive rate is likely to bring some savings, particularly in terms of reduced travel costs. There is a 3-year

break clause at which point value for money and likely benefits realisation should be assessed. Any savings should be considered and adjusted for in service budgets as part of the Council's annual Medium Term Financial Strategy process.

Any capital costs associated with the delivery of the London Secure Children's Home will be fully funded by the Department for Education (£3m has been allocated for development, with capital investment estimated to be in the region of £70-100m). Subject to a sufficiently large number of London local authorities opting in, the development of the London Secure Children's Home will proceed, with planned opening in 2025/26.

Financial Implications provided by: Suresh Perumal, Principal Accountant, 05/10/2022

Implications reviewed by: Tony Burton, Head of Finance Children's Services and Education, 06/10/2022

Verified by: Kellie Gooch, Interim Deputy s.151 Officer, 06/10/2022.

## **Legal Implications**

The Council has a duty to provide accommodation for children who are in its care or who are being looked after by it under sections 22A and 22C of the Children Act 1989. Children may need to be accommodated in secure accommodation if the criteria under s25 of the 1989 Act are met. The provision of such accommodation is therefore a statutory obligation.

The report proposes that this should be met by way of participation in a non-profit making company which will be owned by the London Boroughs including LBHF. The Council has power to provide services in conjunction with other local authorities and to provide such services through a company.

The proposed vehicle is a company limited by guarantee which is the type of company normally used when there is no intention to make a profit and it is intended that each participating authority should have the same level of influence over the company. It is therefore appropriate to use this as a vehicle rather than a company limited by shares.

As guarantor, the liability of the Council will be limited to the amount which it guarantees. This is normally a nominal amount. The setting-up of a vehicle of this nature means that issues regarding the day to day management of the company including the appointment of directors, ownership of assets and what happens if the company is dissolved will need to be addressed. These will be covered in the company's constitution and agreement between the participating authorities.

The legal basis for setting up the company, the proposed membership and decision-making processes are set out in more detail in Appendix 1.

*John Sharland, Senior solicitor (Contracts and procurement)*

*Dated 4 October 2022*

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## DETAILED ANALYSIS

### Proposals and Analysis of Options

#### Hammersmith and Fulham context

1. Our Placement Sufficiency Strategy sets out how we are meeting our statutory duties as a parent and is underpinned by Section 22 of the Children Act 1989 (as inserted by the Children and Young Persons Act 2008), which places a general duty on local authorities to secure sufficient accommodation to meet the needs of children looked after or leaving care.
2. One of the overarching priorities outlined in the strategy is to increase the supply of local provision. We are still heavily reliant on the wider market for placements, with our children and young people often placed outside of London, creating additional challenges including ability to maintain contact with family members and barriers accessing other services. This is acknowledged as a gap in our sufficiency.
3. There is a national shortage of secure placements, as highlighted by Ofsted, and London currently has no provision. Children with particularly complex needs, including those who are at significant risk of causing harm to themselves or others, including risk to life, can be placed in a secure children's home when no other type of placement would keep them safe. Children placed in SCHs are likely to have experienced a number of placements that have broken down, missed a lot of education, have unmet emotional and physical health needs and have suffered a great deal of trauma in their lives. SCHs provide a safe place where these very vulnerable children can receive the care, education and support that they need. A secure children's home is a locked environment, where their liberty is restricted and they are supported through trauma aware and psychologically informed integrated care, health and educational services.
4. Due to the national shortage of secure provision, places are often not available when referrals are made so children are then placed in less suitable but higher cost alternatives. Although we have extremely low numbers in LBHF (as outlined below), placements are difficult to obtain and often very far away. For example, one referral was sent to 9 different homes on 25 occasions before being accepted for a secure placement over 200 miles from home, at extremely high cost.

Year	Secure placements
2022/2023	0
2021/2022	1
2020/2021	2
2019/2020	1

5. Similarly, we also experience significant challenges in finding high-cost low incidence (HCLI) placements for some of our most complex young people, with an estimated shortfall in London of at least 225 places. As such, many of our children requiring this kind of HCLI provision are placed outside of London, in locations such as Derbyshire, Birmingham and Cumbria, and at an average distance of 139 miles from LBHF. This impacts detrimentally on this cohort of children with complex needs who are removed from their family and community networks, and presents challenges for the oversight of children's social care and therapeutic services.

6. Joining the PLV will ensure that LBHF is able to access specialist placements as and when we need them, at a competitive rate, and ensuring the best outcomes for our children.

### **Pan London approach**

7. Both the Care Review and the recent Competition and Markets Authority report have highlighted the limited availability of suitable placements which meet the needs of children in care as a major concern and have recommended that local authorities take a regional approach to commissioning and developing new provision, to ensure there is sufficient local provision for looked after children.
8. The Association of London Directors of Children Services (ADCS) has established a priority to deliver more local placement provision for London children, better value for money and improved outcomes for children through pan-London collaboration. This long-term programme of work is part of the wider pan London placement sufficiency strategy and is delivered through the Pan-London Placements Commissioning Panel, with the support of the London Improvement & Innovation Alliance (LIIA), sub regional commissioning groups and representatives from Local Authorities. Officers from LBHF have participated in regular working groups that have led to the development of this approach in response to the national shortage of placements.
9. Building on these developments, and at the core of the programme, is a proposed pan-London Vehicle (PLV) for Commissioning. A new legal entity that will aim to bring the strategic weight of London's commissioning to influence the market to stimulate new provision and improve value for money. The PLV itself will be a company limited by guarantee and owned by its member Local Authorities. The PLV will be overseen by a joint committee consisting of LA directors and key stakeholders such as the NHS and MOPAC. Below this, there will be a Board of Directors and an Operational Team.
10. Once established the PLV will initially focus on developing secure welfare provision in London and will be a means to share the risks and benefits associated with developing and running the SCH. Whilst LBHF has low demand for this type of placement currently, having priority access to the SCH as a member of the PLV would ensure that if a young person were to present as needing this type of provision, we would be able to place them at pace, in an appropriate local setting which meets their needs, leading to better outcomes for this young person.
11. The secure welfare provision will be funded by the DfE, with over £3 million allocated in February 2022 for development, and capital investment estimated to be in the region of £70-100 million subject to completion of the development phase. The provision will comprise 24 beds alongside a secure community site with additional stepdown facility in London. Subject to a sufficiently large number of London local authorities opting in, then the development of the London Secure Children's Home will proceed, with planned opening in late 2025.
12. In the longer-term, the PLV intends to incorporate HCLI placements into its portfolio. It is thought that this category of placement provision will offer the most benefit to LBHF given we currently have a significant number of young people in HCLI placements at a great distance from London.

13. LBHF will continue to fully participate in the development of the PLV and the SCH. Officers will be involved in the finalising of the legal documents required to set up, join and run the PLV (expected early 2023), including details of how any inflation adjustments and variances to budget will be dealt with. In addition, Officers will be regularly updated on the development of the infrastructure of the PLV, including the service pricing structure, commissioning approach, operating and practice model, confirmation of the SCH's location and arrangements for ensuring equity of access across local authorities.
14. There will be a break-point after three years once the refreshed business case has been developed at which point LBHF can review its membership, prior to committing to paying the fixed annual cost.
15. Officers are therefore recommending that we join the PLV as this will ensure that LBHF is able to access specialist placements as and when we need them, at a competitive rate, and ensuring the best outcomes for our children.

#### **Option 1 – do nothing (not recommended)**

16. Maintaining the as is will result in continued, significant challenges in finding appropriate placements for some of our most vulnerable children. Provision will likely continue to be a significant distance from London which is often not only detrimental to children and their families' outcomes but requires additional social work resource, in terms of travel time and cost. Continued shortages of both secure and HCLI provision in London will result in LBHF incurring very significant costs when these placements are required.

#### **Option 2 – developing our own specialist provision as a standalone authority (not recommended)**

17. This option has been discussed by the Children's Leadership Team and given the low number, high cost, resource and risk involved in running such specialist units for young people with complex needs, it was agreed that LBHF is not in a position as a standalone authority to create such placements or units independently.

#### **Option 3 – joining the Pan-London Vehicle (this is the recommended option)**

18. A regional approach to commissioning would enable the benefits to be shared whilst also jointly managing the risks of developing such provision. This will ensure that LBHF is able to access these specialist placements as and when they are needed and at a competitive rate, ensuring better outcomes for our most vulnerable children.

#### **Reasons for Decision**

19. Joining the PLV and developing a regional approach to commissioning specialist provision will alleviate some of the challenges of sourcing secure and HCLI placements and reduce the likelihood of this cohort of young people being placed at a great distance from London, leading to better outcomes for our children and their families.

## **Equality Implications**

20. There are no negative equality implications for groups with protected characteristics, under the Equality Act 2010, by the approval of proposals set out in the Recommendations. This initiative will benefit young people by bringing them closer to their local support networks.

## **Risk Management Implications**

21. The proposal and narrative against LBHF values are well considered, given findings of the IICSA LBHF need to actively ensure safeguarding is central to management and reporting.

*Ray Chitty, Head of Insurance Service, 7<sup>th</sup> November 2022*

## **Climate and Ecological Emergency Implications**

22. The climate and ecological impacts of the proposal to join the PLV are relatively low. The main impact will be the development of purpose-built accommodation and step-down provision in London for secure welfare placements. However, this impact will be offset somewhat by the reduced ecological impact of young people, their families and social workers travelling to placements located at a large distance from London (at an average distance of 192 miles away for secure provision).

*Hinesh Mehta, Head of Climate Change, 6<sup>th</sup> October 2022*

## **LIST OF APPENDICES**

1. Appendix 1: PLV legal structure and membership
2. Appendix 2: Financial modelling of the SCH and PLV