



London Borough of Hammersmith & Fulham

Cabinet

10 JANUARY 2011

**CABINET MEMBER
FOR CHILDREN'S
SERVICES**

*Councillor Helen
Binmore*

**OPTION APPRAISAL ON THE FUTURE OF
120, DALLING ROAD CHILDREN'S HOME**

**Ward:
Ravenscourt Park**

This report examines the options for the future of 120, Dalling Road Children's Home in the context of the Department's MTFS for 2011-14 and placements strategy to secure the most cost-effective residential placements for looked after children.

A separate report on the exempt part of the Cabinet agenda provides information on the options for the future of the asset.

CONTRIBUTORS

DCS
DCFS
ADLDS

Recommendation:

That 120 Dalling Road Children's Home is closed, subject to achieving the outcomes for the care plans of the young people currently resident at the home.

**HAS A EIA BEEN
COMPLETED?
YES**

**HAS THE REPORT
CONTENT BEEN
RISK ASSESSED?
N/A**

1. BACKGROUND

- 1.1. Support to looked after children is the single largest expenditure within the Children's Social Care Division, accounting for approximately 45% of its overall budget. Much of this expenditure relates to placement costs. These vary significantly, depending on the child's needs, from £200 /week for a kinship placement up to £4000+/week for specialist residential placements.
- 1.2. As the table below indicates, the number of "looked after" children has diminished significantly in the last few years through better gate-keeping, improved care planning and permanency and the development of services to work intensively with young people on the threshold of care.

Year	Citizen	Unaccompanied children (UASC)	Total
Mar-01	404	34	438
Mar-02	381	52	433
Mar-03	339	58	397
Mar-04	361	83	444
Mar-05	315	98	413
Mar-06	308	86	394
Mar-07	305	59	364
Mar-08	266	48	314
Mar-09	242	43	285
Mar-10	234	26	260

- 1.3. One of the key drivers of the MTFs strategy for Children's Social Care is to continue to reduce this population further and, for those who remain looked after, to achieve best value in terms of the quality and cost of placements.
- 1.3. It is within this context that this report examines the options for the future of Dalling Road, which is the Council's last directly managed children's home. The home, which was built in 2001, provides accommodation for up to 10 young people, the majority of whom are admitted in an emergency following a breakdown from home, foster placement or other residential setting. The home has also been used to provide accommodation for a number of older unaccompanied asylum-seeking young people (uasc).
- 1.4. The statement of purpose for the home designates it for short/medium term placements, with average stays of between 3-6 months following which young people either are rehabilitated home or move to a permanent placement. Fluctuations in occupancy levels however, make it vulnerable in terms of unit cost and the Council has to bear the full impact of this.

2. OCCUPANCY

- 2.1. The tables below illustrate the cumulative occupancy, broken down by citizen” and “uasc” young people for the last two financial years.

2008/09

Description	Number of Bed Nights	% Occupancy
Max No of Beds Nights	3650	100
Citizen’s Actual Bed Nights	1589	44
UASC Actual Bed Nights	1089	30
Total UASC & Citizen Bed Nights	2678	73

2009/10

Description	Number of Bed Nights	% Occupancy
Max No of Beds Nights	3650	100
Citizens Actual Bed Nights	1432	39
UASC Actual Bed Nights	1018	28
Total UASC & Citizen Bed Nights	2450	67

- 2.3. Occupancy during 2008/09 was 73% and 67% in 2009/10. Projections for the current year based on actual occupancy for the first 6 months suggest a similar performance (70%). These figures however include unaccompanied children. If these are removed from the figures, the “citizen” occupancy (i.e. Hammersmith & Fulham children), reduces substantially – 44% in 2008/09 and 33% in 2009/10. The citizen population for the current year is slightly up on previous years, but at 52% still only represents approximately half the capacity of the home.
- 2.4. The number of unaccompanied young people whom the Council has a duty to support has reduced significantly in recent years. This is consistent with the reduction in the overall number of unaccompanied minors entering the UK, and we anticipate this figure reducing further in line with current immigration policy.

3. OPERATIONAL ISSUES.

- 3.1. Since opening in 2001, Dalling Road has consistently provided good quality residential care. As a small borough however, we are faced with the difficulty of maintaining optimum occupancy either because demand is unpredictable or because the dynamics of the resident group militate against the placement of some young people. It is this uncertainty that has led to many of our neighbouring local authorities ceasing to provide their own residential provision in favour of commissioning placements through external private or voluntary agencies.

- 3.2. The manager who had been in post since the home was set up in 2001 left at the end of October 2010. He played an important role in the development and operation of the home and the absence of his experience and leadership will have a significant impact. While we have put in place short-term management arrangements, we know from experience that these posts are extremely difficult to fill. Similarly we have a number of permanent vacancies within the staff team and, again, experience suggests that the appointment of able and experienced residential workers is difficult to achieve even in the current recruitment climate.
- 3.3. Children's residential care requires significant and sustained input from external management and other support services to ensure quality and to fulfil the requirements of the "responsible authority" as required by regulation. As with most other local authorities, the direct provision of residential care is no longer our core business and with the planned MTFs reductions in senior management and other headquarters functions over the next few years our capacity to adequately support the operation of the home will diminish.
- 3.4. Since being commissioned in 2001, the premises have required continual and sustained investment to meet the standards of accommodation required by Ofsted. Recent inspections have been critical of the fabric of the building and maintenance programme; however, in an environment where we are seeking to reduce costs it is questionable as to whether we should be making high level investment in premises to meet exacting registration standards.
- 3.5. Although it has been expedient at times to use vacancies at Dalling Road to accommodate unaccompanied young people, they generally do not present with such a high level of need as requiring residential care. In previous years, we have been able to mitigate some of the operational costs of Dalling Road by claiming against the asylum grant for the equivalent of 2 full-time places for unaccompanied young people. Changes announced by the UK Border Agency mean that for the future they will not meet the costs of placing these young people in children's homes other than in exceptional circumstances, as in their view the majority have low levels of need and therefore can be accommodated in lower cost provision. This will have a significant impact on the business case for operating the home.
- 3.6. To achieve a competitive unit cost for the home, we need to achieve an average occupancy of between 75% - 80% throughout the year. Occupancy levels in recent years strongly suggest we do not have the level of demand to support this target. Demand analysis suggests the need for 4 or 5 short/medium-term residential places for "citizen" young people at any one time. This is half the current capacity of the home.

4. UNIT COSTS.

- 4.1. Based on recent occupancy figures, the unit costs for the home are as follows:

Year	Expenditure	Annual cost per place based on actual occupancy	Weekly cost
2008/9	£892k	119k	£2288
2009/10	£781k	116k	£2242

- 4.2. The above compares favourably to similar services operated by private or voluntary residential providers which range between £1,800 - £2800/week depending on the level of need of the young person. The issue becomes much more problematic however if we take unaccompanied young people out of the calculation. Thus:

Year	Expenditure net of uasc grant	Annual cost per place based on actual occupancy (citizen only)	Weekly cost
2008/9	£1.179m	£268k	£5153
2009/10	£982k	£252k	£4843

5. FUTURE OPTIONS.

5.1. Service remains “as is”

- 5.1.1. The failing demand for “citizen” placements combined with changes to the grant regime for unaccompanied children means that the cost of maintaining the on-going operation of the home is not sustainable because of the adverse impact on unit costs.

5.2. Downsizing the existing service.

- 5.2.1. Most modern children’s homes are smaller than Dalling Road, with capacity of no more than 5 or 6 places. Reducing the capacity of the home however, would not necessarily lead to a proportionate reduction in the budget. The bulk of the expenditure in terms of the operation of a children’s home is the salaries budget and there are minimum staffing levels which have to be met to meet current inspection standards and maintain adequate supervision and health & safety, particularly given the size of the premises. Further, its purpose-built construction would militate against its adaptation to a smaller unit.

5.3. Relocation.

- 5.3.1. Relocating the service to smaller premises, even if a suitable building could be identified, would involve a significant capital investment and would be contrary to the Council’s policy of reducing its asset footprint.

5.4. Selling “surplus” capacity.

- 5.4.1 It would in theory be possible to sell the surplus capacity to neighbouring local authorities. In practice, unless this was done on the basis of a joint venture or block contract arrangement this would not provide the necessary guaranteed level of occupancy on which to develop a sound business operation for the future.
- 5.4.2 Further, we know from experience that having high numbers of young people in the home, often with very challenging and diverse needs, can present significant operational challenges. This leads to the need for higher levels of staffing, greater sensitivity within the local community and the need for more senior management support. At a time when we are downsizing in terms of departmental support services and management and given the current position regarding permanent staff within the home, this is not recommended as an option.

5.5. Increasing the role of Private & Voluntary Providers.

- 5.5.1. Hammersmith & Fulham have been leading on an initiative with 4 other boroughs (Westminster, Wandsworth, Harrow, and Hounslow) to develop a shared solution for the development of more local residential provision for looked after children. A recent market-testing exercise conducted with a number of large private and voluntary organisations established that, although there was no interest on their part in taking over existing local authority stock, there was a strong interest in developing additional capacity for use by local authorities in the West/South London area.
- 5.5.2. This solution will take some time to develop. Until this is available, there is capacity within the existing network of Private & Voluntary providers, within which we currently commission, to off-set the loss of capacity available at Dalling Road. Additionally, we have in place a new block contract for the provision of semi-independent accommodation for older teenagers and, further, K&C and Hounslow are continuing to maintain their own children’s homes for the moment and in principle it would be possible to purchase their additional capacity should that be required.
- 5.5.3. Work is also being undertaken both as part of the tri-borough discussions and with the West London Alliance in relation to placement procurement in general. Although this work is at an early stage of development, it is the expectation that this will lead to improvements in the cost and quality of placements (including children’s homes) for participating boroughs.
- 5.5.4. In conclusion, with the failing demand for “citizen” placements and the restrictions in terms of recharging for the cost of unaccompanied children, the cost of maintaining the on-going operation of the home is not sustainable. Of the other options available, closure and recommissioning within the private & voluntary sector is recommended as offering a more cost effective and sustainable option for the future.

6. IMPLICATIONS FOR THE YOUNG PEOPLE.

- 6.1. Dalling Road provides short/medium-term placements for young people. Accordingly the current group of young people will be expected to move on to permanent placements over the next few months. There are currently 7 young people resident at the home – 5 citizen and 2 unaccompanied young people. In the event that the decision is made to close the home, this would be undertaken within a timescale that ensured this process did not undermine the care plans of the young people.
- 6.2. In the light of paragraph 6.1, it is considered neither necessary nor appropriate to consult on the proposed closure of Dalling Road since the proposed closure will not impact negatively on the care planning for the current residents.

7. STAFFING IMPLICATIONS.

- 7.1. There are 16 established posts, of which 9 are held by permanent staff. Two of these are part-time. Of these, 2 are time-limited and relate to the national social pedagogue project which we are participating in. This project is due to end in July 2011 but our commitment can be concluded earlier if required. If the home closes, the remaining 7 staff would be subject to the Council's employment policy.

8. EQUALITY IMPLICATIONS

- 8.1. The placement of any "looked after" child is a function of their care plan, an integral part of which is to take due regard of equality issues in terms of their individual needs. Care plans for children are monitored through a system of independent reviews. In addition, all residential placements for children, including those provided at 120, Dalling Road, are subject to stringent registration requirements. These requirements include addressing issues of equality and diversity. How any particular home meets these in relation to the young people is defined in their "statement of purpose" and compliance is routinely examined through a process of unannounced inspection undertaken by Ofsted.
- 8.2. In relation to the young people currently at the home, plans are already agreed for their move to either semi-independent or more permanent placement within the next few months and therefore a decision regarding the future of the home will not impact this adversely. In relation to future commissioning requirements to replace capacity lost by the closure of Dalling Road, we only use registered providers that meet Ofsted standards and any such placement would need to be consistent with the child's care plan.

- 8.3. In relation to employees, should a decision be made to close the home, staff who would be affected would be subject to the Employment Policy which is consistent with the Council's Equalities Policy.

9. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

- 9.1. Dalling Road currently receives £193k per annum asylum grant income in relation to Unaccompanied Asylum Seeking Children (UASC) accommodated at the home. Within the last 12 months the UKBA have changed the asylum grant criteria and will only pay a standard rate for UASC placements, as opposed to previous years when the full cost of any type of placement would be met. The maximum that Dalling Road would be likely to achieve in 2010/11 would be £52k. The implication is a £141k funding gap.
- 9.2. Accommodation for the young people currently resident at Dalling Road will have to be reprovided. It is likely that the currently group of young people would be moved to medium or high support semi independent accommodation, the cost of which has been estimated to be £285k.
- 9.3. In year 1 net of redundancy costs and overheads the closure of 120 Dalling Road would achieve a saving of £323k.
- 9.4 Fully year savings of £407k would be achieved in year 2.

10. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

- 10.1. The Council's duties towards looked after children include a duty under s22 Children Act 1989 to safeguard and promote the welfare of looked after children, and under s23 Children Act 1989 a duty to provide accommodation for them and to maintain them.
- 10.2 For so long as the current residents of Dalling Road remain looked after by the Council then those duties remain, and will have to be fulfilled by the proposed future placements which are referred to at paragraph 9.2 above.
- 10.3 Given that Dalling Road provides short and medium term placements for looked after children and that the current residents will have moved on to future placements by the time of the proposed closure, then it is considered that in this particular case the duty to consult does not arise since the residents' needs will continue to be met in alternative placements and since their placement at Dalling Road was never intended to be long term.

11. COMMENTS OF THE ASSISTANT DIRECTOR PROCUREMENT.

11.1. The Assistant Director of Procurement and IT Strategy has been consulted and notes the proposals will improve value for money and therefore supports the recommendations.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	120, Dalling Rd Working File	Peter Houghton	Children's Services
2.	Children's Services Performance report	Peter Houghton	Children's Services
CONTACT OFFICER:		NAME: PETER HOUGHTON EXT. X5738	