

**Manchester City Council
Report for Resolution**

Report to: Children and Young People Scrutiny Committee - 19 July 2016
Executive – 27 July 2016

Subject: Residential Review Report

Report of : Strategic Director of Children's Services

Summary

The purpose of this paper is to report the findings from a review of MCC provider of residential care for Children and Young People and propose a modernised delivery model

Recommendations

Scrutiny Committee is invited to review and comment on the proposals included in the report

Executive is recommended to:

- Authorise consultation on the proposed closures of Acorn and Seymour Residential Children's Homes
- Authorise the consultation on the proposal to convert the Manchester Emergency Team provisions into an Adolescent Support Unit.
- Delegate authority to the Director of Children's Services, in consultation with the Executive Member for Children's Services, to consider the outcome of the consultation and determine whether to proceed to implement the proposed closures of Acorns and Seymour Residential Children's home and the conversion of the MET provision into an Adolescent Support Unit

Wards Affected: All

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The proposals will support improved outcomes for some of the most disadvantaged children and young people in Manchester, helping to equip them to succeed in adulthood and in work.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The proposals will deliver high quality accommodation and adolescent support for children and young people in Manchester, providing a stable foundation for developing children and young people's talent.

A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	These proposals will improve equity in the city by directly improving outcomes for some of the most disadvantaged children and young people in the city. The adolescent support proposals also actively empower families and local support networks to take control consistent with the Signs of Safety and wider Our Manchester approach.
A liveable and low carbon city: a destination of choice to live, visit, work	Improved accommodation and adolescent support will lead to tangible improvements in the quality of life of children and young people in the city.
A connected city: world class infrastructure and connectivity to drive growth	High quality accommodation and adolescent support will help provide a strong foundation for connecting children and young people to the growth of the city.

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

This report summarises the revenue financial implications of closure and re-purposing of internal residential provision.

The financial impact of the proposal as set out in section 5 of the report has been modelled at a full year cost reduction of £1.290m based on current LAC demand/numbers. This saving has been already been incorporated into the revised LAC investment strategy assumptions and should not be viewed as an additional saving.

Financial Consequences – Capital

The proposed decommissioning of internal children's homes will lead to two homes being surplus to requirements over the next year. These homes are owned by the City Council and there will be the need to dispose of property.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

There has been 4 previous Executive Reports relating to the review of residential services for children between November 2012 to June 2013 and have contributed to the findings and recommendations set out in this report.

1. Introduction and background

- 1.1 In October 2012 the Council's residential provision enabling access to 102 beds across 16 children's homes was reduced. Since October 2014, in total the six homes together provide 35 beds for looked after children.
- 1.2 The City Council currently directly operates four residential children's homes¹ to accommodate looked after children. In addition the Council has commissioned two different independent sector providers² to each run one children's home under a contract arrangement. Three of the in-house run homes and two commissioned homes provide placements for up to six young people and offer medium to long term placements to young people with emotional and behavioural difficulties. The fourth in-house home³ offers emergency care to young people who need it and has five beds.
- 1.3 Of the four directly run children's homes, two of them, Willow Vue, and Seymour, are currently rated as 'good' by Ofsted. The other two directly run homes, Acorns, and the MET, are both rated as 'requires improvement'. Of the two commissioned homes, both of them are rated as 'good' by Ofsted. As a comparison currently 100% of the commissioned homes are rated good compared to 50% of the directly run in-house provision.
- 1.4 In addition the Council also has two empty and unused buildings that could be used as children's homes. These are Beech Mount and Halsbury. One of the proposals is for the MET as an adolescent support unit, to be relocated to the Halsbury site; which is a better fit.
- 1.5 In line with the current Looked after Children Strategy and the Placement Sufficiency Strategy for Looked After Children, a review of residential services has been undertaken. The strategy and findings led to Children's Services seeking to consult on the closures of Acorns and Seymour Residential Homes and introduce a change of provision to services available by converting the MET into an Adolescent Support Unit.

2. Summary Review Findings

- 2.1 In summary the key findings of the review are:
 - The demand for and use of residential placements for children in Manchester has reduced and continues to reduce as the looked after children population has reduced and use of foster placements has proportionately increased. An analysis of the profile of children placed in children's homes at the time of the review, February 2016, indicated that there were a number of children who may be able to benefit from alternative care in a foster placement. This includes a small number of 12 year olds and five unaccompanied asylum seeking children. These are

¹ Acorns, Seymour, Willow Vue and the MET

² Lyndene (run by The Cambian Group) and Olanyian (run by SCS)

³ The MET

both groups for whom identification of a foster placement is often easier than for other adolescent, also such children may benefit more from a family placement than older young people. At the same time there were also five vacant beds across the estate. This was made up of 2 beds in one of the medium to long care homes and 3 in the emergency provision. 5 vacancies out of a total of 23 placement beds across the four in-house homes is equal to above 20% of beds vacant. The most recent position as at the end of June 2016 is that the number of vacant beds has increased to six (over 25%) and that there are at least 4 younger children, including 11 and 12 year olds, who are placed in the homes who would benefit from a foster placement. All of the unaccompanied asylum seeking children previously in placement were moved on in June to more suitable foster placements or supported accommodation.

- Three of the four homes are very expensive to operate per child placement per week compared to alternative residential or foster care provision. The table below sets out the running costs of each of the homes for the financial year 15/16, and the weekly unit costs for each of the homes

RESIDENTIAL UNIT COSTS 2015/16

	Number of beds	Unit Costs (per child per week)					
		Budget	Outturn	Variance	Average occupancy for the year	Budget	Outturn
		£k	£k	£k			
Acorns	6	702	846	144	82.4%	2,500	3,291
Seymour	6	721	828	107	89.4%	2,568	2,969
Willow Vue	6	698	776	78	98.0%	2,486	2,538
MET	5	707	779	72	90.0%	3,021	3,329
Total own provision	23	2,828	3,229	401	89.9%	2,627	3,002
Lyndene (ACL)	6	546	546	0	86.7%	1,944	2,018
Olanyian (SCS)	6	546	546	0	91.0%	1,944	1,923
Total commissioned	12	1,092	1,092	0	88.9%	1,944	1,970
Total All	35	3,920	4,321	401	89.6%	2,393	2,651

Notes to the Table

- Budget unit cost assumes 90% occupancy
- MET occupancy not monitored, so assumed 90%
- Repairs/Gas/Electric/water costs for own provision estimated based on previous years spend, as these costs now centralised
- Commissioned homes pay for their own use of gas/electric/water, so this is included in the contract price
- Lyndene & Olanyian fixed contract price is £1,749 per child per week (at 100% occupancy)

*In addition to the unit cost information above, the average weekly unit cost for the residential placements spot purchased from independent providers in 2015/16 is £2,811.

- As can be seen from the table the weekly unit costs are significantly higher in the in-house provision. For example the weekly unit cost per child in Acorns in 2015/16 was £3,291. This is £1,273 per week per child more than in the most expensive of the commissioned homes, Lyndene, which had a unit cost of £2,018 per week in 15/16.
- The annual cost for the provision of each of the contracted homes is £546k. This compares favourably to the budget of £702k for Acorns, £721k for Seymour, and £698k for Willow Vue. It also compares favourably to the 15/16 annual spend on Acorns and Seymour which was over £800k at each of them
- The budgets set for the in-house homes are higher than the budgeted cost for the commissioned homes. The higher costs reflect higher staff numbers and terms and conditions of employment.
- The actual costs for 2015/16 for all of the directly run in-house homes are significantly higher than the budgets set, almost entirely as a result of high sickness levels and the associated costs of alternate agency staffing. For example the spend at Acorns is £144k higher than the budget set, and at Seymour it is £107k higher.
- At the time of the profiling of the use of the 23 directly run in-house residential beds, 5 of the beds were vacant and a further 8 were being used to care for young people for whom it was felt a foster placement could meet their needs. The table above details unit costs and also occupancy rates for each of the homes. Occupancy rates for the in-house homes range from 82.4% at Acorns to a high of 98% at Willow Vue. This contributes in part, alongside the differing staff sickness levels, to the difference in the projected unit costs of each of these homes, with Acorns having a unit cost of £3,291 in 15/16 and Willow Vue a unit cost of £2,538.
- Across the four in-house homes the average occupancy rate in 2015/16 was 89.9%. This compares with the average occupancy across the two commissioned homes of 88.9%. Individually, Lyndene had an occupancy rate of 86.7% and Olanyian had an occupancy rate of 91%. The very similar average occupancy rates between the internal provision and the commissioned homes indicates the differences in weekly unit costs are not as a result of different occupancy levels.
- There was no evidence found that the in-house homes provided additional quality compared to independent provision. 100% of the two commissioned homes were rated good by Ofsted compared to 50% of the four in-house homes.

- There are successful strategies employed in other local authorities that have resulted in reduced admissions to care of adolescents, one of them being the establishment of adolescent support units. It is an aim, supported by research, set out in our Looked After Children and Care Leavers Strategy and Placement Sufficiency Strategy to seek to establish an adolescent support unit to reduce adolescent admissions and reduce the need for residential placements further.

3 The Looked After Children Strategy

- 3.1 Two of the Council's key aims in the Looked after Children Strategy have in addition to the Review informed this report and the proposals for consultation. These are:
- i. Our aim to reduce the numbers of looked after children through additional support to children and young people on the edge of care, especially in relation to adolescents who might otherwise end up in residential care; and,
 - ii. Our aim to reduce the proportion of children in care who are placed in residential care through expanding the provision of in-house foster care, and in particular specialist foster carer for adolescents.
- 3.2 In the last 12 months there has been considerable success with both of the aims detailed above. The looked after children population has reduced from 1,302 at the end of March 2015 to 1,237 as at 31 March 2016, and now stands at 1,231 as at the end of June. At the same time the number of children placed in residential placements has reduced from 101 (71 in external provision and 30 in in-house/contracted provision) at the end of March 2015 to 86 as at 31 March 2016 (52 in external provision and 34 in in-house/contracted provision), a reduction of 15.
- 3.3 The Looked after Children Strategy and related projections are for the number of residential placements to continue to decrease over 2016/17 as a result of improved edge of care services reducing admissions of adolescents to care, and increased numbers of in-house foster carers offering family based alternatives.
- 3.4 Priority Objective 1 in the Looked After Children and Care Leavers' Strategy 2016/19, recently approved via the Corporate Parenting Panel, is to ensure that 'only children who need to be in care are in care'. In order to achieve this objective social care and partner agencies will be striving to support families with adolescents on the edge of care to stay together, thereby reducing the rate of admissions to care and at the same time reducing demand for residential provision.
- 3.5 The Council has already succeeded in reducing the looked after children population in 2015/16. It will be looking to achieve further success through the

combined impact of initiatives such as our Early Help Strategy, the commissioned Multi-Systemic Therapy programme, and the roll out across social work services of the 'Signs of Safety' model of practice.

- 3.6 To further strengthen the work to support adolescents to remain with their families, a key proposal in this report is to consult on developing a Family and Adolescent Support Unit. Such units have been shown to work in other authorities in relation to reducing admissions of adolescents to care and achieving significant financial savings as a result.
- 3.7 Priority Objective 2 in the Looked after Children and Care Leavers' Strategy 2016/19 is to ensure that 'children achieve placement stability and timely permanence in family based settings.' In line with this objective, social care and partner agencies will be working to ensure that there is an increased number and range of foster placements with sufficient wraparound support to accommodate adolescents who might otherwise end up in residential care. The financial support package for the Council's foster carers to support foster carer recruitment and retention has improved and ongoing success on this objective will also result in reduced demand for residential placements. A comprehensive recruitment strategy has been developed and is being implemented. Projections for recruitment outcomes for 2015/16 are improved compared to 2014/15 and we will be projecting recruitment of 60 new foster carers during 2016/17 is projected.
- 3.8 The service is also working in partnership with Action for Children on a Social Impact Bond funded Treatment Foster Care programme aimed at diverting adolescents from residential care to foster placements. This initiative is now operational and growing with 7 young people placed at the end of 2015/16 who would otherwise be in residential care. The project is projecting to have 17 placements by the end of 2016/17. The success and learning with this project does indicate that well supported and skilled foster carers can be used to provide family based placements for some of the young people who are currently or in future might otherwise be placed in residential care.

Adolescent Support Units

- 3.9 Research evidence tells us that outcomes for children in care are poorer than for children who are not in care. It does tell us that care can be a protective factor and for children who come into care at a younger age, their outcomes are better than a control group of children in need who have not come into care or did and were rehabilitated home. However this protective factor decreases with the increasing age a child comes into care, so that for adolescents coming into care, care is much less a protective factor and outcomes much poorer. It follows therefore that the authority should do all that it can to prevent children entering care in adolescence and to support families to stay together.
- 3.10 Several local authorities around the country have developed or are developing adolescent or family and adolescent support units as a means to support

reduced adolescent admissions to care. Evidence for these initiatives has shown them to be effective at reducing admissions and saving money.

3.11 There are different models of adolescent support units in operation in different authorities but key features to be incorporated include:

- The provision of outreach support to adolescents and their families.
- Support to families out of hours.
- Provision of planned respite accommodation as part of family support plans.
- The provision of crisis beds (1 or 2 nights maximum stay) to address a family crisis before supporting the adolescent to return to the family.
- Direct work engaging with, building relationships with the adolescent.
- Partnership working between a range of services centred around the work of the adolescent support unit, including our Families First Team.
- Psychological input.
- An approach to working with families that empowers them to take control and build support networks consistent with the Signs of Safety approach.
- Support to foster carers of adolescents to avoid placement breakdown and linking with our emergency foster carers to support adolescents who have come into emergency foster care to return home quickly.

4 Proposals for Consultation

Close Acorns Residential Home in September 2016 and Seymour Residential Home in December 2016; convert the MET Emergency Home into an Adolescent Support Unit, and locate it in the refurbished Halsbury site by September 2016.

- 4.1 It is proposed to fund the Adolescent Support Unit using the budget and resources currently used to operate the MET. There is an annual budget of £707k. The service would be staffed from the most appropriate staff across the residential service and use funds within the £707k annual budget to fund posts requiring different skills or disciplines.
- 4.2 It is anticipated that the initiative would be successful at reducing adolescent admissions to care. This impact combined with use of emergency foster carers, will mean the kind of 6 week emergency provision currently provided by the MET will not be needed. In addition, the success of the Adolescent Support unit should reduce demand for longer term placements in our other in-house homes.
- 4.3 Attention will be paid to ensuring an appropriate workforce in the new facility and training will be provided to develop the skills of the workforce to deliver the functions of Adolescent Support Unit. The intention would be for staff to link closely with other edge of care services and partners such as CAMHs.
- 4.4 Subject to the outcome of the consultation a phased approach to reducing the provision of residential care provided directly by the Council will be as follows:
- i. Closure of Acorns Children's' Home from September 2016

ii. Closure of Seymour Children's Home from December 2016

- 4.5 From the work, plans and projections for a reduced looked after children population in 2016/17 and the plans to increase foster care provision for many young people who might otherwise end up in residential care it is anticipated that there will be a reduced demand for residential placements.
- 4.6 In line with the reduced demand it follows that the Council should look at whether it is sensible to reduce this provision. The weekly unit costs at both Acorns Children's Home and Seymour Children's Home are more expensive than the two commissioned homes by over £1,000 per child per week. They are also more expensive by over £500 per child per week than the average spot purchased independent sector placement. At the same time there is no evidence these homes are providing a higher quality service.
- 4.7 In light of the above this report then proposes consultation on closing both of these homes, with a target to close Acorns in September 2016 and Seymour by December 2016. The remaining medium term home, Willow Vue, is currently rated good and is £500 per week cheaper per child per week than Acorns or Seymour Road. The cost of Willow Vue is much closer to the unit cost for buying external residential placements and the home has a 'good' Ofsted rating. For these reasons it is proposed to continue to operate Willow Vue as an in-house children's home.

Remodel of the staffing structure in the children's homes to achieve cost efficiencies through reduction of the routine use of waking night staff.

- 4.8 The budget for directly run homes is very high compared to the two commissioned homes, and the unit costs are very high. In part this is a result of the staffing structure. One example is the overnight staffing arrangements, where as standard there are two waking night staff and one sleep in member of staff on duty in all of the homes. This is excessive, expensive, and not required unless there is significant disruption and risk from the young people in the home.
- 4.9 This report proposes moving to one waking and one sleep in staff member, or no waking and two sleep-in staff members as standard where accommodation allows, and using waking night staff only as and when needed to better reflect the situation in a regular family home.

Extend the contract with the providers of our two commissioned homes.

- 4.10 The quality of the care at the two commissioned homes is at least as good if not better than current in-house provision and the unit costs are very good compared to in-house and spot purchased independent provision.
- 4.11 In light of the above this report proposes maintaining this arrangement as a means to continue to provide residential care for the smaller group of young people for whom it is required.

5. Financial Implications

5.1 A summary of expected savings should the closures proceed is detailed in the table below.

Saving	Effective from	Part year 2016/17 £000's	Full year impact 2017/18 £000's
Conversion of MET into an Adolescent Support unit	July 16	0	0
Closure of Acorns	Sept 16	351	702
Closure of Seymour	Dec 16	180	721
Remodelling – removal of waking nights	Sept 16	25	50
Disestablishment of one role at MET and one role at Willow View	Apr 16	41	41
Minus Additional Costs			
Placement of 6 LAC in Accorn to supported accommodation (4) and external fostering care (2)		112	224
Total		485	1,290

5.2 Proposed cost of Adolescent Support Unit - no additional cost as within current budget of the MET.

5.3 Proposed closure of Acorns - saving of over just over £700k which is the annual budget. This is before the cost of two alternative placements in external foster care at £750 per week plus four placements in supported accommodation at £700 per week, total additional placement costs of £224k per annum, are factored in.

5.4 Proposed closure of Seymour - saving of just over £700k which is the annual budget. It is assumed that there will be no alternative placement costs as the six beds lost from a closure of Seymour will be:

- those that might otherwise be taken by unaccompanied asylum seeking children, whose placement costs are covered by Government Grant, and/or
- provision which will not require replacement as the impact of the new adolescent support unit and other edge of care services will further reduce the looked after children population and therefore the need for provision.

- 5.5 Changes to night staff arrangements would mean the service could use one less staff member in establishment. Saving estimate of £50k per annum for the remaining two homes with on costs.
- 5.6 Proposed disestablishment of two posts from remaining homes, the MET(ASU) and Willow Vue would save £41k.
- 5.7 The overall estimated budgeted saving for a full year is almost £1.3m. This is assuming six Looked After Children need alternative placements.
- 5.8 The internal residential service is currently overspent by £277k. This is primarily due to agency costs related to sickness and maternity leave cover. £117k of the overspend relates to Acorns and £85k relates to Seymour. The proposal here if implemented would result in avoidance of such overspend costs, in addition to the savings against the budget.
- 5.9 In order to reduce the overspend and ensure the budgeted saving from the proposal is realised at least 36fte staff would need to be released from Acorns and Seymour. Based on previous closures it is likely there would be a period between closures and matching 36fte to new roles. It would therefore be prudent to assume that the part 2016/17 saving would be significantly reduced.
- 5.10 Improvements in the way staff sickness and agency and staff overtime cover are arranged would have no impact on the budgeted costs for the homes, as costs associated with these factors are overspends. Whilst improvements would result in savings from cost avoidance via reduced overspends, they would not impact on the budget required to continue to operate Acorns and Seymour.

6. HR Implications

- 6.1 The proposal to close two children's homes and disestablishing the roles will result in a reduction of around 40 FTE in total. The staffing implications will be subject to full consultation with trade unions and staff. The changes to waking nights arrangements are operational and do not impact on terms and conditions however reducing cover in line with proposals will require c10 FTE less.
- 6.2 Any vacancies in the proposed new Adolescent Support Unit could be filled by staff from within the service. At this stage it would result in 26 people who would need to be found roles as a result of the redesign. They would remain within Residential Services as a budget pressure until an appropriate M People match is identified.
- 6.3 Staff would be made fully aware of all other opportunities to use their transferable skills working with children and young people across the wider

service, including for example opportunities to care for looked after children as foster carers where appropriate.

- 6.4 Staffing implications would be managed through the deletion of vacancies and in line with M People principles with staff supported to move to other roles where available and appropriate or supported to access business as usual VS or VER.

7. Timeline

- 7.1 This report will be presented to the Children and Young People's Scrutiny Committee on 19 July 2016, followed by Executive on 27 July.
- 7.2 The review report and proposals have been considered and consultation is now required before the Strategic Director of Children's Services, in consultation with the Lead Member for Children's Services in April 2016 can make a final decision.

Consultations

- 7.3 The trade unions were informed in broad terms of the proposals to consult on in this report on 9 and 10 June 2016.
- 7.4 Staff affected will be advised of the review outcomes and the proposals in this report, on week commencing 11 July 2016, immediately before the publication of this report for the Children and Young People's Scrutiny Committee meeting due to be held on 19 July 2016.
- 7.5 Full details of the proposals and all related documents, including new role profiles for the new posts in the proposed Adolescent Support Unit, will be shared with trade unions by the end of July 2016.
- 7.6 There will be a staff engagement event and presentation to explain the proposals and their impact on staff, and the implications for all, in the week commencing 1 August 2016. This will mark the beginning of a four week consultation period.
- 7.7 Young people resident in the homes affected will be consulted about the plans and the implications for them following the initial discussions with staff. Young people will be supported to understand what is happening and the plans for them. Young people will also be able to access independent advocacy. In addition there will be consultation with parents of the children and other significant stakeholders who work with the children.
- 7.8 Consultation responses and final documents incorporating any resulting changes will be shared with staff and trade unions in the week commencing 5 September 2016.
- 7.9 Subject to consultation outcomes it is anticipated that final sign off on the plans by the Council's Human Resources Department will occur in the week commencing 5 September 2016.

7.10 Review and evaluation will be on-going with a formal review in March 2017.

8. Recommendations

8.1 Scrutiny Committee is invited to review and comment on the proposals included in the report

8.2 Executive is recommended to:

- authorise the consultation on the proposed closures of Acorns and Seymour Residential Children's Homes
- authorise the consultation on the proposal to convert the Manchester Emergency Team provisions into an Adolescent Support Unit
- delegate authority to the Director of Children's Services, in consultation with the Executive Member for Children's Services, to consider the outcome of the consultation and determine whether to proceed to implement the proposed closures of Acorns and Seymour Residential Children's home and the conversion of the MET provision into and Adolescent Support Unit

9. Contributing to the Manchester Strategy

(a) A thriving and sustainable city

9.1 The proposals will support improved outcomes for some of the most disadvantaged children and young people in Manchester, helping to equip them to succeed in adulthood and in work.

(b) A highly skilled city

9.2 The proposals will deliver high quality accommodation and adolescent support for children and young people in Manchester, providing a stable foundation for developing children and young people's talent.

(c) A progressive and equitable city

9.3 These proposals will improve equity in the city by directly improving outcomes for some of the most disadvantaged children and young people in the city. The adolescent support proposals also actively empower families and local support networks to take control consistent with the Signs of Safety and wider Our Manchester approach.

(d) A liveable and low carbon city

9.4 Improved accommodation and adolescent support will lead to tangible improvements in the quality of life of children and young people in the city.

(e) A connected city

9.5 High quality accommodation and adolescent support will help provide a strong foundation for connecting children and young people to the growth of the city.

10. Key Policies and Considerations

(a) Equal Opportunities

10.1 Equal opportunities policy matters are addressed within the report.

(b) Risk Management

10.2 Risk issues and appropriate mitigations are addressed within the report.

(c) Legal Considerations

10.3 The legal considerations are addressed in the body of the report.