

## Report to Scrutiny Committee – January 2013

### Option for Children's Internal Residential Care Home Provision

Members requested that we consider the option of managing our own children's homes. We have care homes premises available to us on the Jigsaw site, any other option would include additional capital or rental costs. Although four properties are on the site the close proximity of the four properties does not lend itself to a safe and non institutionalised environment. It is recommended therefore that only two of these should be used as children's residential care homes and that this service is tendered following consideration by Cabinet in January 2013

#### Context: Legislative Requirements

All children's homes are required to meet 25 National Minimum Standards for children's homes and be registered with Ofsted.

The judgements used by Ofsted in relation to registered children's homes are:

- Outstanding
- Good
- Adequate
- Inadequate

In order to meet these requirements it is necessary to:

- Produce the relevant policies and procedures and review on a regular basis
- Have safe systems for staff recruitment and vetting
- Implement staff training and development programmes to ensure compliance with the policies and procedures
- Implement appropriate Quality Assurance and management processes and capacity with a registered person and registered manager responsible for the running of a home
- Undertake Regulation 33 visits on a monthly basis by an independent professional
- Set up and implement robust out of hours arrangements

#### Costs & Benchmarking

**Our estimated base service cost for running a Local Authority care home on the Jigsaw site is identified on the attached spreadsheet as £2844/week. This costing assumes 2:1 staffing ratio and does not include any assumptions on additional senior management support/out of hours support or costs towards corporate functions such as payroll, IT, legal etc which would add an additional costing of around 10% (an increased in the cost to £3128/week). It should be noted that the building/property costs are an added hidden cost as these form part of the PFI costs**

We have a regional residential care framework contract with 13 other Local Authorities with an average weekly costing of £2876 (including building and property costs).

Figures quoted by the Personal Social Services Research Unit (PSSRU) 2011 identify the cost of local authority children's homes per resident per week to be

£2965. This figure assumes a void rate of 85% per week and other external costs of £198 per week (i.e. education and health services)

The costs of the service for residential care beds on the Jigsaw site contracted with Castle Care are an average of £2677.14 per week.

### Volumes

Without having undertaken a business modelling process it is anticipated that there is a critical mass level which would make a children's home estate viable i.e staff, systems and resources can be shared across the estate making it feasible and cost effective. Our commissioning strategy has the objective of reducing reliance on care homes in favour of foster care provision.

### Risks of opening a Local Authority care home:

- Reputational risk to the Authority if our homes fall below acceptable Ofsted judgement levels
- Risks to the children and young people if our homes fall below acceptable Ofsted judgement levels
- Risk of funding voids in a property if we are not utilising to full capacity (compared to spot purchasing with an independent provider for example)
- Risks and potential additional management costs and out of hours capacity in our current CYP LA structure
- Risk of using the premises for inappropriate placements in times of need
- Financial risks in the case of long term absence of staff in a home
- Reputational risks and officer time deployed in the case of public concern re opening of homes in local areas

### Benefit of operating a Local Authority care home

- Lower commissioning, contact management or procurement transactional costs
- More direct control on utilisation/operation of the premises

### Conclusion

In conclusion the costs and risks including perverse incentives to running our own care home/s provision would indicate that our best option is to procure these services

Vivianne McKay  
Interim Service Delivery Manager  
Commissioning (Children and Family Services and Transport)