

**TELFORD & WREKIN COUNCIL**

**CABINET - 31st JANUARY 2013**

**USE OF JIGSAW HOUSES**

**REPORT OF ASSISTANT DIRECTOR CHILDREN AND FAMILIES AND TRANSPORT**

**LEAD CABINET MEMBER – COUNCILLOR PAUL WATLING**

**PART A) – SUMMARY REPORT**

**1. SUMMARY OF MAIN PROPOSALS**

The purpose of this report is to update cabinet on the use of the houses on the Jigsaw site in Hadley and seek approval to re-tender the care provision in homes on the site.

**2. RECOMMENDATIONS**

**2.1 That Cabinet approves the proposed use of the houses on the Jigsaw site.**

**2.2 That Cabinet approves the tender for up to 8 residential beds for children in care on the Jigsaw site and gives delegated authority for the Director of Children's Services, in consultation with the Cabinet Member for Children, Young People & Families, to award the contract on completion of the tender.**

**3. SUMMARY IMPACT ASSESSMENT**

<b>COMMUNITY IMPACT</b>	Do these proposals contribute to priorities emerging from budget consultation?	
	Yes	This will impact on the budget costs of children in the Care of the Local Authority
	Will the proposals impact on specific groups of people?	
	Yes	This will impact on children who are in the Care of the Local Authority
<b>TARGET COMPLETION/DELIVERY DATE</b>	The tender of residential care beds will commence in February 2013 with a contract commencement date of 1 <sup>st</sup> August 2013	
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes	The financial considerations of undertaking the tender are set out below. The options to consider include purchasing care from an independent provider on the Jigsaw site. This will form part of the tender evaluation process.
		The current unit cost for a placement at Jigsaw,

		<p>which is based on a block bed to spot bed ratio of 3:1 is around £2,700 per week (based on 100% utilisation of the 4 beds available). The cost of a placement in an external placement under the current Regional Framework is around £2,900 per week (including property costs).</p> <p>The tendered price evaluation will take into account that the Council incurs the running costs of the houses at Jigsaw and the contract will be for care costs only. The current contract for four beds is on a block to spot bed ratio of 3:1. The proposal is to tender a contract with a block to spot bed ratio of 2:6. (to be determined during the tender process). This reduces the certainty to the provider of cost recovery on the spot beds which could increase unit costs to cover the risk of underutilised beds (voids). RP 14/1/13</p>
<b>LEGAL ISSUES</b>	Yes	Additional Information at Paragraph 9
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	Yes	Recommendations relating to the use of the school on the Jigsaw site
<b>IMPACT ON SPECIFIC WARDS</b>	No	Children and young people residing in care homes on the Jigsaw site come from across the Borough. The Jigsaw site is located in the Hadley & Leegomery Ward.

## **PART B) – ADDITIONAL INFORMATION**

### **4. INFORMATION**

- 4.1 Jigsaw is part of the Hadley Learning Community Private Finance Initiative. The premises at Jigsaw comprise the school unit (for 30 pupils) with sports hall and grounds and car parking. Four purpose built 4 bedded children's homes form a crescent adjacent to the school.
- 4.2 **House Number 1:** is used as a resource centre by Children and Young People's Services and usage has increased during the last year by:
- the family intervention team as a safe haven and chill out space for children and young people who are experiencing difficulties (evenings and weekends)
  - social care to undertake parenting assessments when necessary
  - the Children in Care Council as a homely evening meeting venue
  - the Health Looked After Children (LAC) Nurse for health assessments
  - our life story therapist, working with troubled children in care

The various users have access at agreed times of the day during week days, evening and weekends. As a house equipped with all homely facilities including kitchen access and large gardens in a relatively secluded environment, it lends itself well to accommodating the groups currently accessing it and is the only house that we have access to for this type of use. We have initiated a diary and booking in system to ensure maximisation of the unit.

- 4.3 **House Number 2:** This is registered as a 4 bedded residential home for Telford & Wrekin children in care. The service in the home is currently provided by Castle Care Homes Ltd under a contract that ends on 31<sup>st</sup> July 2013. Three beds in the home are block purchased and one bed spot purchased (i.e. we are not committed to spend on the fourth bed unless required). Delivery of the care home provision on the site costs the Local Authority £455,671 per annum for 3 block contracted beds and £2,500 per week for one spot contracted bed which is paid to the contracted service provider. A reduction is given on full occupancy of four beds.
- 4.4 **House Number 3:** This is used as a supported accommodation unit specifically commissioned to accommodate a young person with a disability requiring adapted accommodation. The young person occupying the property is being supported on a spot contracting arrangement by an independent supported accommodation provider working to a transition plan for the young person to move to an alternative property which has greater access to transport links in April 2013. This property should therefore be available from May 2013.
- 4.5 **House Number 4:** This property was formerly used as a registered 3 bedded residential home for Telford & Wrekin children in care. The service in the home was provided by Castle Care Homes Ltd through a block contract which ceased on 31<sup>st</sup> July 2012 following contract renegotiation. The property is currently being used as a supported accommodation unit for 16/17 year olds on a spot contract basis.

## **5.0 IMPACT ASSESSMENT – NEEDS & DEMAND, residential care**

- 5.1 Our commissioning strategy and sufficiency duty for children in care has identified a need for residential care provision. Jigsaw is our only children's home resource that is dedicated solely to Telford and Wrekin placements in the Borough. Analysis of our referral data shows that we require continued use of dedicated children's home provision on the site and early indications have identified a need to use two of the houses. We have been considering the option of one being a longer term care home and one a short term assessment home.
- 5.2 Officers in the Council explored the potential of setting up a short term residential assessment unit in one of the homes on the site (maximum 12 weeks stay) however following a deeper analysis of our data we concluded that we could not justify the costs of a dedicated home purely for short term provision. Based on our analysis of referrals and placements of children in care it would appear that over a 12 month period only a maximum of 11 may have required use of a short term assessment unit. Of those, five moved on within a 34 day period in any event. We have formed a conclusion therefore that although the option has merits in terms of moving children on

to more appropriate provision in a timely way we cannot evidence demand for this type of provision.

- 5.3 The current Jigsaw residential care home (house number 2) has been fully occupied since August 2012 (x 4 beds) due to our increasing numbers of children in care.
- 5.4 Our commissioning strategy has a focus on increasing foster care provision though residential provision will always be required. We currently have a contract for 4 beds on the Jigsaw site and we purchase other beds as required through our residential framework contract or residential spot contracts.

If we increase to 8 beds on the Jigsaw site using a second of the properties the additional 4 (if utilised) would be an alternative to placing through the other contracts and make use of a property for which we fund property expenses and running costs. We would expect tender costs to reflect the fact that the Council funds these costs and we should therefore receive tender submissions at lower weekly fees than paid through our other contracts. Our preferred option therefore is to utilise the Jigsaw provision by increasing the residential care beds at Jigsaw with a mixture of spot and block purchasing beds to limit our commitment to spend and financial risk (i.e. a high ratio of spot purchasing) This would be more flexible to meet the fluctuating numbers of children coming into care and the need to keep Telford children within Borough. An option we will explore through the tender would be to sell beds to other Local Authorities should we not need them.

- 5.5 Following a recent desk based review the cost of managing our own residential care home is estimated to be between £3,149 per week to £5,249 per week if we only achieve 60% occupancy due to matching issues. Regional intelligence identifies that lower tender prices can be achieved due to economies of scale for home providers and increased competition in the marketplace. We therefore recommend that we do not manage the residential care homes on the Jigsaw site.
- 5.6 In relation to the two other houses, whilst one could continue as long term use as a resource unit (number 1) the other house used for supported accommodation (number 4) could continue in its present form until no longer required (a recent sub regional tender has successfully resulted in increased supply of supported accommodation in the Borough). The remodelling of the school on the site may result in the need for boarding provision which could be accommodated in one of these two homes (houses 1 and 4), but this will not be made clear until those plans come to fruition. It has already been identified in a previous Cabinet report relating to the Jigsaw school that these changes will take place and evolve over a number of years.

## **6.0 PROPOSALS**

- 6.1 It is proposed that we retain two properties for use as residential care homes for children and young people and tender for this provision with an independent provider (up to 8 beds with a block and majority spot purchase mix [i.e. 2:6] including same day and short term placements). The actual ratio will be dependent upon tender submissions.

- 6.2 We continue to use one property (currently house number 1) as a resource unit for children and young people services and consider opening this up to young people in transition as use for life skills training and for contact.
- 6.3 We earmark one property for use as a boarding annex to the new school for the future but in the meantime utilise the property in a similar manner to that identified in house number 1 or as a supported accommodation unit (as house number 4).

## **7.0 PROCUREMENT IMPLICATIONS**

- 7.1 The value of the contract for the two residential care homes will come in at over £1m and is a key decision. We are therefore seeking authorisation to tender for a 3 – 5 year contract and also seeking delegated authority for our Director of Children's Services in consultation with the Cabinet Member for Children Young People and Families to award the contract on completion of the tender.
- 7.2 The tender will require high quality provision but we will be seeking cost effective services. We will therefore utilise our market intelligence of fees across the sector; use these as a benchmark and seek to improve further on the residential fees that were negotiated (and resulted in reduced average costs) through the regional tender exercise in April last year.
- 7.3 Tupe will apply to staff employed by the incumbent contractor if the contract is awarded to a new supplier.
- 7.4 Through the procurement exercise we will work in partnership with the incumbent provider, children and their advocates to ensure a seamless transfer of contract to any new provider and reduce the impact of potential changes in management on the children.

## **8.0 FINANCIAL COMMENT**

- 8.1 The financial considerations of undertaking the tender are set out below. The options to consider include purchasing care from a provider at the Jigsaw site and purchasing external placements in a providers' own property portfolio through our framework contracts and spot contracts. This will form part of the tender evaluation process.

The current unit cost for a placement at Jigsaw, which is based on a block bed to spot bed ratio of 3:1 is around £2,700 per week (based on 100% utilisation of the 4 beds available). The cost of a placement in an external placement under the current Regional Framework is around £2,900 per week.

The tendered price evaluation will take into account the Council incurs the running costs of the houses at Jigsaw and the contract will be for care costs only. The current contract for four beds is on a block to spot bed ratio of 3:1. The proposal is to tender a contract with a block to spot bed ratio of 2:6. (to be determined during the tender process). This reduces the certainty to the provider of cost recovery on the spot beds which could increase unit costs to cover the risk of underutilised beds (voids).

The proposal would need to utilise two homes on the site. One home, house number 3 currently used as supported accommodation should be available from May 2013.

## **9.0 LEGAL COMMENT**

- 9.1 The Project Agreement dated 15<sup>th</sup> March 2005 between the Council and Pyramid Schools (Hadley) Limited ("Pyramid"), required that Pyramid would invest and participate in the design, build, servicing and maintenance of school facilities pursuant to the Private Finance Initiative at the site known as the Hadley Learning Community and Jigsaw Project.
- 9.2 All current contractual documents for the Jigsaw Project between the Local Authority and CastleCare Group Limited, acting by its subsidiaries Castle Homes Care Limited and CastleCare Education Limited, were completed on 26.6.09.
- 9.3 These documents comprise the Principle Agreement, which has a term of 3 years from 1.8.09 to 31.7.12. This included an option to extend for 2 years under Clause 3.2., provided the parties meet to discuss the option no later than 12 months prior to the expiry date. The contract has been extended for 12 months to 31<sup>st</sup> July 2013 in respect of the school and one of the care homes (4 beds, 3 block contracts and one spot contracted).
- 9.4 There were also 2 leases entered into for the same 3 year term, one for the school and one for houses 2 and 4. The lease for the school and house number 2 were extended to 31<sup>st</sup> July 2013.
- 9.5 Clause 20 of the Principle Agreement deals with termination, which enables written notice to be given by either party to the other in the event of corruption; change of control affecting the ability to provide the services; administration; or material default that cannot be remedied.
- 9.6 Otherwise, the Agreement will terminate forthwith if the Property Agreement [i.e. the leases] ceases in its entirety, or if the Provider ceases to be registered with Ofsted.
- 9.7 Therefore, the Agreement is coterminous with the leases and will end when the leases end.
- 9.8 There is no provision for notice to be given under the Agreement to this end, therefore when the leases end on 31<sup>st</sup> July 2013, the Agreement will cease, as clearly set out in Clause 20.
- 9.9 The leases are excluded from the security of tenure provisions of the Landlord and Tenant Act 1954, which means they will automatically come to an end at the end of the term, again, without notice being required.
- 9.10 Although the main contractual documents do not require notice to be given, it would be important for the Council to advise the Providers of its intentions as soon as possible, especially due to the impact of the Transfer of Undertakings (Protection of

Employment) Regulations 2006 (as amended) (TUPE) which will be applicable to the current staff group at the home and the required statutory consultation process.

- 9.11 Schedule 2 of the Agreement covered the separate service level agreements to be entered into with Interserve Education, Pyramid, the Council or the Primary Care Trust. These will individually need to be considered as to any notice requirements that they contain if they are to be co terminous with the main Agreement.

## **10. PREVIOUS MINUTES**

N/A

## **11. BACKGROUND PAPERS**

N/A

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