

North Yorkshire Council

Children & Young People's Services

Corporate Director Meeting with Executive Members

28 February 2025

Increasing In House Residential Provision for Children

Report of the Corporate Director – Children & Young People's Services

1.0 PURPOSE OF REPORT

- 1.1.1 To seek approval for application to the Department for Education for capital funding towards the cost for two children's residential homes including: a 6-bedded 'No Wrong Door' children's home in the Selby area; a cluster site consisting of three two-bedded bungalows which can be used for solo or two-person accommodation for adolescents with complex needs

2.0 SUMMARY

- 2.1 The pooled budget is forecasting a significant overspend due to a small number of children with complex needs who have required a placement in the last six months. These children have at times been placed in unregulated settings, often with agency staff who do not provide the expertise these children require to meet their needs - however still charge the Local Authority huge costs.
- 2.2 In addition, the population of children who are requiring local authority care is increasing and demand for more standard care is outstripping placement availability thus increasing the number of external or out-of-authority placements.
- 2.3 This paper sets out two options to increase placement sufficiency for adolescents across the county and to provide more specialist care for a small number of children. Whilst these may involve significant revenue and capital costs, the proposals represents 'invest to save' options for placement sufficiency in the future.

3.0 BACKGROUND

- 3.1 The pooled budget is forecasting a significant overspend due to a small number of children with complex needs who have required a placement in the last six months. These children have been placed in unregulated settings, often with agency staff who do not provide the expertise these children require to meet their needs - however, still charge the Local Authority huge costs.
- 3.2 The pooled budget funds a number of children in jointly funded placements. The table below shows the projected costs for the additional very high-cost placements (as of November 2024) currently being funded via the pooled budget:

Child	Age	Weekly Costs	Annual
Total		£149,531pw	£7,775,586 pa

- 3.3 There are also increasing numbers of children aged 10 and over requiring placements due to the overall increase in demand right across children's services. These children would historically have been placed in North Yorkshire provision, either in foster care or in 'No Wrong Door' (NWD) hubs. However, there is a lack of sufficiency of foster carers for this cohort of children and our NWD hubs have been operating at full capacity for over 12 months meaning that external placements are increasing, often at high cost, and the numbers of children placed in unregulated placements for a period of time has also increased.
- 3.4 The forecast for future years is an increase in expenditure on external placements and a potential impact on children's care as they have poor quality external placements with frequent breakdowns and moves.
- 3.5 The aim of the grant application is to seek capital match funding for two options which will improve the current situation. The proposed options are:
- to develop a NWD hub in the Selby area;
 - to develop high specification homes for children with complex needs i.e. 3 x 2 bed cluster homes which have the potential to be solo or two bedded properties;
- 3.6 The objective is to:
- reduce the financial pressure on the pooled budget
 - to ensure sufficient good quality provision is available to meet future demand
 - to strengthen the edge of care offer to reduce children coming into care.

4.0 DETAILED PRESENTATION OF THE SUBSTANTIVE ISSUE

- 4.1 A national crisis of limited provision, increased costs, combined with an increase of referrals and children entering care is creating significant demand and pressure. Currently, due to shortfall of appropriate internal residential resource, we are paying the private sector a premium amount for external placements. Such placements are funded via the child placement budget or the pooled budget, which is paid into by North Yorkshire Council (from both General Fund and Dedicated Schools Grant contributions), and Health (Humber and North Yorkshire Health and Care Partnership). Typically, the General Fund/local authority contribute the highest proportion towards external placements, as the cost of the 'care' element of the placement usually exceeds the education and health elements.
- 4.2 The demand for external placements falls into two categories:
- Standard residential placements i.e., children with a range of needs who could typically be placed in a NWD hub or in specialist foster care. Due to lack of capacity in both foster care and NWD hubs these must be sourced from external placements.
 - High needs specialist placements - children with complex mental health needs who require 3:1 or higher staffing levels and solo or 2 bedded provision and may be on the cusp of needing a welfare secure bed or Tier

4 hospital bed. These children are often subject to Deprivation of Liberty Orders, and before the high court.

- 4.3 These proposals align closely with proposed changes in the Children's Wellbeing and Schools Bill which seeks to address concerns regarding the use of unregulated placements which fail to meet the needs of our most complex children. The move within the sector is towards a new type of community provision.

5.0 CONSULTATION UNDERTAKEN AND RESPONSES

- 5.1 None undertaken at this point.

6.0 CONTRIBUTION TO COUNCIL PRIORITIES

- 6.1 The DfE capital grant, if received, will support in meeting the Council priority for people to feel safe and protected from harm and to achieve in life. It will also ensure prudent management of financial spend on placements for our most vulnerable children.

7.0 ALTERNATIVE OPTIONS CONSIDERED

7.1 OPTION 1 - DO NOTHING

7.1.1 Overview of the Option:

- The NWD service continues to operate as it does at present. There will likely be a similar level of demand across the service and placement availability will not meet need.

7.1.2 Does it help address the problem and the goal we are seeking to achieve:

- No, because the NWD service cannot increase its capacity and continually operating at full capacity reduces the early intervention work that can be achieved as staff are fully occupied caring for children resident in the hubs.

7.1.3 Advantages / Benefits:

- This option will not require any capital investment or further revenue funding.

7.1.4 Disadvantages / Risks:

- Doesn't increase high-need placement sufficiency
- Overspend from the pooled budget will not be reduced and is highly likely to increase significantly with no control measures.
- Children are more likely to experience poorer care from external providers who cannot meet children's needs and do not have the commitment to 'stick with' our children.
- Complex children will continue to struggle to cope in six bedded hubs and staff resilience will be impacted by trying to manage their needs alongside other children.
- Staff may be more likely to leave the service due to frequent assaults as they try to manage high numbers within the hubs. There will also be a continuing need to use properties within NY which are not ready for use as children's

accommodation and their use carry significant health and safety risks and staffing is via poorly trained and often unreliable agency staff.

7.2 OPTION 2 - CREATE A NWD HUB

7.2.1 Overview of the Option:

- To increase internal high-need placement sufficiency and better meet the needs of young people, there is the option to expand the NWD service by adding a new NWD Hub (six beds) to the two existing six-bedded Hubs (Scarborough - Stepney Road and Harrogate - Dovedale). In doing so, it will increase the overall capacity of the service from 12 to 18 beds, whilst also improving our ability to manage young people's needs and the dynamics of group living. The additional hub would also extend outreach and edge-of care provision, delivering cost savings through the prevention of entry to care. We can see from the data that Selby generates a high level of need, and this is the basis of our proposed geographical area.

7.2.2 How does it help address the problem and the goal we are seeking to achieve:

- Create a further six internal residential placements, which in turn will reduce some of our reliance on the commissioning of external placements that are funded from the pooled budget.
- Increased capacity and geographical spread of edge-of-care and outreach support to help prevent entry to care.

7.2.3 Evidence of Demand

The data below evidences the increase in demand across the service, and particularly the rise in teenage needs.

- Across the Family Assessment and Support Teams (FAST), referrals concerning teenagers aged 13-17 accounted for 31% of all referrals received between 1 December 2023 and 30 November 2024, with 1,725 in total.
- The Selby team (267 referrals) and the Ripon & Rural team (249 referrals) had the highest number of referrals concerning teenagers. However, these high numbers appear to be a function of a higher population of teenagers than in other localities. This is because the rate of referral of teenagers per 10k population in both teams was significantly above the service-wide rate.
- 22% of new Child Protection Plans (CPP) issued by FAS teams were in relation to teenagers, with 153 recorded. Likely due to the increase in risk, exploitation and neurodiversity.
- Selby also had a high number of new CPP for teenagers in the same period at 24, but again this appears to be a function of the higher number of teenagers resident in the locality.
- Conversely, Richmondshire had the highest number of new CPP issued to teenagers (27) and the rate of new CPP issued to teenagers was 80 per 10k, significantly higher than the service-wide rate of 44 per 10k.
- In the 12 months to 30th November 2024 FAS teams in Children's Social Care (CSC) admitted a total of 164 children into care. Of these, 38 (23%) related to children and young people aged 13 to 17
- Again, Selby had a high number of teenager admissions, with 9 recorded. The rate of teenager admissions to care was 17 per 10k, much higher than

the service-wide rate of 11 per 10k. However, the small number of admissions precludes significance testing.

Admissions to Care

- In the 12 months to 30th November 2024 FAS teams admitted a total of 164 children into care. Of these, 38 (23%) related to children and young people aged 13 to 17.
- The numbers of admissions by team are too small to facilitate meaningful analysis or statistical testing.
- However, numerically, the Selby team (9 admissions, 32% of all admissions) and the Scarborough North team (8 admissions, 29% of all referrals received by the team) issued the highest number of new CPP relating to children aged 13-17.
- The rate of admission of teenagers in both Selby (17 per 10k) and Scarborough North (18 per 10k) is much higher than the FAS service-wide average of 11 per 10k.

7.2.4 Advantages / Benefits:

- The expansion of the NWD service would extend and enhance our ability to deliver residential and edge-of-care services internally, and locally, for less. This will provide opportunity to maintain better control of placements and to achieve desired outcomes in line with the Children and Families practice model. Furthermore, the introduction of a third NWD Hub will enable the service to be more agile and provide greater operational resilience and flexibility across the county.
- increase our placement sufficiency for children with complex needs and substantially reduce reliance on out-of-authority placements, which are commonly very expensive and delivered at a lower standard to what we can provide in-house. In turn, this will potentially reduce the overspend from child placement and pooled budget, as fewer external placements will need to be commissioned.
- expand the NWD outreach and edge-of-care services. The main cost-avoidance is a result of the outreach and edge-of-care services that run from the NWD Hubs. A third Hub will significantly strengthen this area, delivering increased cost-avoidance in terms of preventing entry to care.
- Costs for residential care have been increasing year on year. In 2020/21, the average weekly cost for residential provision in NYC was £2,595. This has doubled over the last two years to £5,270/week for 2022/23. However, this is still below the statistical neighbours' average cost of £6,799/week, Yorkshire and Humber regional costs of £6,085/week, and the national average of £5,980/week.
- A new NWD hub would likely impact positively on reducing adolescents coming into care. Work by the NWD Edge of Care provision means that young people who would have come into care have been diverted from care and have remained at home or living in another family setting.
- Early scoping work has identified potentially 14 young people who are currently in external provisions that may be suitable to be brought back into local authority care. Work is ongoing to calculate the cost of these

placements, but it has been established that five of them are costing NYC more than £3m a year.

- The NWD hubs are multi-agency, also contribute positively to partnership working. Missing from home incidents reported to North Yorkshire Police (NYP) have reduced by 67% since the NWD hubs opened. Arrests have reduced by 33%, and the number of young people charged with an offence has decreased by 70%. As a result of this NYP continue to fund officers within the hubs.
- NWD positively impacts on education and employment for our young people. 80% of young people open to NWD are in education, employment or training. There has also been a 39% reduction in exclusions from school for NWD young people. 64% of NWD young people also get 5 passes at GCSE.
- Having a multi-agency team at the NWD hubs has also aided in diagnosing previously unknown speech and language communication needs (SLCNs). 51% of NWD young people have been identified as having at least one previously undiagnosed SLCN. This increased to 72% for residential young people. The diagnosis of autism has also increased. Without NWD these conditions would likely remain undetected. Strengths and Difficulties Questionnaire scores have also shown to decrease (illustrating positive impact) due to the influence of the specialist roles in the NWD service.
- The introduction of the third NWD Hub would enable better matching processes for young people, helping create better dynamics within our residential homes for the young people. In turn, this is likely to result in more settled living environments within our residential settings. Consequently, this would further reduce the need to place young people externally.

7.2.5 Disadvantages / Risks:

- A large upfront capital investment will be required from the local authority to match fund the DfE capital grant.
- Increased running costs for a new NWD Hub
- Potential risk in relation to staff recruitment. It is increasingly difficult to recruit experienced residential staff and registered managers, targeted recruitment would be required.
- Lack of appropriate properties / sites for the provision
- Delay in building/acquiring properties.
- Developing a new NWD hub without the other options proposed in this paper will mean that the most complex children cannot be catered for as they cannot live with other children in a large 6 bedded establishment, so pooled budget costs may still not be managed within budget.

7.2.6 Capital Expenditure

- Advice has been received from Property Services and **preliminary** enquiries of the property market to buy a suitable property indicate that suitable properties are rare and likely to be in rural locations which would not suit the purpose of children being in a reasonably accessible neighbourhood. Therefore, build costs are included in this paper as the most viable option. The build costs do not include the purchase price of land.

- Given the broad range of specifications and unknown factors property services have done initial scoping and estimate a figure in the region of **£2 million for capital spend. Further analysis and full feasibility exercise will be required.**

7.3 OPTION 3 - CREATE A CLUSTER OF 3 X 2 BEDDED CHILDREN'S HOMES

7.3.1 Overview of the Option:

- For higher needs young people, who struggle to have their needs met in environments with larger numbers of children, single and double occupancy children's homes are required to better meet their needs. The introduction of such provision will increase the likelihood of a return home, or a transition to long-term foster care. For a small number of young people, they may need this provision longer-term, but this will enable them to grow-up in an environment with less stressors and change, which would likely be experienced in a larger children's home and in turn would have a detrimental impact on their wellbeing.

7.3.2 How does it help address the problem and the goal we are seeking to achieve?

- The introduction of this provision would create up to six internal high-need residential placements, which in turn will reduce our reliance on the commissioning of external placements that are funded from the pooled budget.
- It would be possible to configure each children's home on a single and double occupancy basis to better meet the individual needs of each young person and deliver positive outcomes for young people in our care.

7.3.3 Advantages / Benefits

- Like the additional NWD Hub option, the development of a cluster of 3 x 2 bedded children's home provision will increase our internal residential high-need capacity by up to six placements. In doing so, this will substantially reduce our reliance on very expensive external placements, which are funded from the pooled budget. As such, it will help reduce the overspend from child placement and pooled budget going forwards.
- It may be possible to configure each of the three children's homes on either a single or double occupancy basis, providing a greater degree of flexibility to better meet individual the needs of children and young people requiring this provision.
- In November 2024, the Department for Education (DfE) launched an application round for capital match funding to deliver additional provision for children with complex needs and challenging behaviour, recognised to be a response to complex and ongoing trauma. These children may have been, or are at risk of being, deprived of their liberty. A working group has been convened to look at the application requirements and it is felt that the development of a cluster of 3 x 2 bedded homes would qualify for this match-funding capital investment application opportunity. The application window for bids for capital funding closes on 28th February 2025.
- An advantage of this model is that it will allow for better transition planning as the young people reach 18. Some of these young people will need a

home with substantial packages of support from other agencies, remaining in their home LA enables these transitions to be managed well.

- This provision will be managed via NYC children’s residential services who already manage children with complex needs. At present private providers can offer solo or two bedded homes which have been significantly adapted to reduce risks such as ligature points. Therefore, they can manage the environment and have no other children present when a young person is aggressive or has self-injurious behaviour. This is a real challenge within our 6 bedded homes and is often the reason we must seek another provision.

7.3.3 Disadvantages / Risks:

- A large upfront capital investment will be required, as well as increased running costs for the 3 x 2 bedded cluster home provision. It will not be possible to recoup all this investment in year one as some children already in placement and paid for from pooled budget will not be able to be moved immediately from their placement. Further financial forecasting will be required to see the likely reduction in the existing costs over a period of years as some children age out of children’s provision.
- This option will not expand valuable outreach and edge-of-care provision, hence not reducing the numbers of children entering care.
- Potential risk in relation to staff recruitment. It is increasingly difficult to recruit experienced residential staff and registered managers, targeted recruitment would be required.
- Lack of appropriate properties / sites for the provision.
- The DfE’s Application Guidance confirms that ‘good bids’ are expected to include:
 - *“The scope and expected capital outcome of the project – this should include the equivalent project design to Feasibility Report and to RIBA Stage 2 Concept Design, demonstrating the number of beds/homes you intend to renovate/expand/build, apply for change of use etc.”*
 - *“For successful bids proposing to purchase a property, we expect to see detailed surveys of properties carried out prior to purchase to ensure that the property is of a sufficient quality and that any significant issues i.e., for example, foundation problems or rotting joists, that may delay projects and/or incur additional / higher costs can be avoided at the earliest possible point in the project.”*
 - It is evident from the discussions that it will not be possible to get the project design to reach Feasibility Report and to RIBA Stage 2 Concept Design phase within the timescales. Also, as no properties have yet been identified as potentially being suitable for the development of 3 x 2 bedded provision, we are not at the stage of conducting detailed surveys. Therefore, if we were to progress with the application for capital funding from the DfE, it is felt that it might not meet the required standard, and NYC would not be successful in securing the capital investment match-funding.
- Given the increase in demand for children’s residential care these beds would be likely to become full without move on options or be used by

children without the highest level of need simply because the NWD hubs were full.

7.3.4 Capital Expenditures:

- Discussion with property services has taken place regarding the availability of 4-bedded properties across the County (2 bedrooms for children and 2 for staff). Whilst property prices vary across the County, an estimated cost to buy three properties and refurbish to a high specification would be in the region of £2.355m. However, the likelihood of being able to source 3 properties together in close proximity is low. If they were not in close proximity, the ability to staff the provision flexibly and move staff around as required on a daily basis would be limited.
- Given the broad range of specifications and unknown factors property services have done initial scoping and estimate a figure in the region of **£4 million for capital spend. Further analysis and full feasibility exercise will be required.**

7.3.5 Recommendation on most suitable locality for the provision:

- This can be county-wide as these children are likely to be receiving bespoke education packages rather than accessing local schools and require 24-hour supervision by staff so will not be accessing the local community independently.

8.0 IMPACT ON OTHER SERVICES/ORGANISATIONS

- 8.1 Initial discussions with health partners have indicated that they are not able to contribute to either the capital or revenue funding.
- 8.2 The overall impact on partners may be reduced costs for police, health and education services.

9.0 FINANCIAL IMPLICATIONS

- 9.1 If the bid is successful, it is likely that the local authority will need to make a substantial capital commitment to the proposed schemes and this will need appropriate authorisation of funding and project delivery. Detailed business cases will need to be prepared by the service taking into account refined capital cost estimates and anticipated revenue costs. The potential savings arising from reducing external placements will be factored into the business case assessment along with other financial and non-financial benefits, risks, dependencies etc.

If the bid is successful, appropriate internal grant acceptance procedures will also need to be followed.

10.0 LEGAL IMPLICATIONS

- 10.1 This expansion of provision will enable the Council to continue to meet its statutory duty to provide placements for children in the care of the Local Authority.

11.0 EQUALITIES IMPLICATIONS

11.1 Appendix A

12.0 CLIMATE CHANGE IMPLICATIONS

12.1 Appendix B

13.0 PERFORMANCE IMPLICATIONS

13.1 This expansion of provision will enable the Council to continue to meet its statutory duty to provide placements for children in the care of the Local Authority.

14.0 POLICY IMPLICATIONS

14.1 None

15.0 RISK MANAGEMENT IMPLICATIONS

15.1 The risk to the Council of using unregistered children's provision will be reduced.

16.0 HUMAN RESOURCES IMPLICATIONS

16.1 There may be some staffing implications in regard to possible additional recruitment and the upskilling of new and additional staff.

17.0 ICT IMPLICATIONS

17.1 None

18.0 COMMUNITY SAFETY IMPLICATIONS

18.1 None

19.0 CONCLUSIONS

19.1 The options appraisal indicates that NYC needs to increase its children's provision and the two options will provide the solution to this. In doing so outcomes for children will be improved and costs reduced.

20.0 REASONS FOR RECOMMENDATIONS

20.1 As above

21.0 RECOMMENDATION(S)

21.1 That the Corporate Director – Resources (delegated to the Assistant Director – resources (CYPS) in conjunction with the Executive Member for Finance and Executive Member for Children's Services provides permission to apply for DfE grant funding for capital expenditure.

APPENDICES:

Appendix A – EIA Screening

Appendix B – Climate Change assessment

Appendix C – DfE Capital investment to develop provision for children with complex mental health needs and challenging behaviour 2025-29