



Nottingham City Council

Final Business Case for the Re-provision of Children's Residential Care in Small Group Homes.

18 February 2010



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1 PROJECT OVERVIEW

1.1 Introduction & Background

Exec Board has approved the costing of a business case for children's residential care to be provided in Nottingham in Small Group Homes rather than mainstream institutions. Research evidence already identifies that smaller group homes for young people produces better stability and improved outcomes in relation to safeguarding and well being.

The homes will be of three or four bedroom in size, will be located in a residential area conducive to positive outcomes and will still require registration and inspection by OFSTED against National Minimum Standards for Children's Homes (D o H 2002).

The Nottingham City Council Children in Care Placement Strategy of January 2007 identified the need to re-provide residential care in smaller, homelier units via a mixed economy. More recently DMT approved a Report in 2009 (**Appendix 1**) that agreed the proposal for the reconfiguration of the current residential provision within Nottingham City Council from residential units to Small Group Homes (SGH). Since then work has continued to progress the Small Group Homes project, which is expected to be both more cost-effective and produce better outcomes for Looked After young people living in Residential Care.

On previous Inspections, OFSTED has stated that Nottingham City buildings which accommodate children in care are not fit for purpose, particularly 12A Ranskill Gardens. The implications for this are that it is unlikely current provision will ever achieve a judgement of 'outstanding'.

Research and visits to other Local Authorities and Private providers have been undertaken which has confirmed the hypothesis that providing Residential Care in Small Group Homes is the future and the way forward to improve the living environment, ensure the best outcomes for young people in a more economic way

The project commenced in June 2009 with a clear framework for moving forward (**Appendix 2**) but seems to have stalled due to operational issues and more recently concerns about how the refurbishment cost would be funded. The purpose of this document is to provide a robust business case, detailing options and benefits of SGH's, timescales for delivery and possible funding sources.

1.2 Options

Consideration was given to several options:

1. Option 1

- ∨ Re-provide 12A Ranskill Gardens into three Small Group Homes.
- ∨ Maintain 9 Beckhampton Rd at three beds
- ∨ Develop a further small group Home (Two Young People)

This will require further five additional staff above the current cohort.

2. Option 2

- ∇ Initially set up 2 small group homes in conjunction with 9 Beckhampton Road.
- ∇ Reduce the number of operational beds in 12A Ranskill Gardens to four beds and in Beckhampton to three beds, thereby both units becoming smaller
- ∇ Set up two further houses and then decommission 12A Ranskill Gardens. This may reduce the number of internal beds available and increase pressure on the external placements budget.

3. Option 3

- ∇ Set up one Small group Home (66, Percival Road) initially in conjunction with 9 Beckhampton Rd. This would provide five placements (2 beds in SGH, 3 in 9 Beckhampton Rd).
- ∇ Set up a two further SGH (11, Mettham Street & 32, Sherwin Road) each with two young people and decommission 12a Ranskill Gardens.
- ∇ Set up a further SGH (8 Chippendale Road) which will provide 2 placements which will be used for young people aged 17 plus, as a transition Unit for their independence. This property will be managed by 23 Vivian Ave at no extra cost. This transition unit will not require OFSTED registration. Young people placed within 8 Chippendale Road will receive services from Vivien Avenue, Targeted Support Team and 15+ Service which will help to reduce the need for private provisions for young people requiring semi-independence, thus reducing the pressures on the placement budget.

4. Option 4

The fourth option is to maintain the status quo and do nothing. This is not a preferred option for all the reasons above.

1.3 Preferred Option

Option 3 is considered to be the preferred option primarily because the number of 15+young people being accommodated continues to increase and this option will enable a more cost effective service in this area, will aid better transition for these young people resulting in better outcomes. This will enable service delivery to continue for 17 placements with no extra staffing costs (will require initial set up costs). This option will also allow the decommissioning of 12A Ranskill Gardens to be timelier and therefore enable the property to be marketed for disposal.

Four suitable properties have already been identified that require refurbishment and furniture and fittings to meet OFSTED required standards.

A Working Group has been established and is currently undertaking activities on all aspects of delivery of this re-provision including:

1. Health and Safety.
2. Draft Rota.
3. Human Resource Issues i.e. Job Description, implications for Ancillary Staff.
4. Unison Involvement.
5. Participation/Consultation with Young People/Staff, Stakeholders.
6. Visits/Consultation/Briefings for Staff.
7. Anticipated Training.
8. Budgets/Costing.

This work is nearing completion. There has been some delay due to the impact of the work-force reductions, the decommissioning of a Unit and securing finance to proceed with the 3 SGH, but this has also enabled the service to introduce a new rota system which is reducing Agency expenditure and is therefore providing a better more consistent service to the young people.

2 PROJECT OBJECTIVES & PROJECT PLAN

2.1 Project Objectives

2.1.1 Strategic Objectives

The SGH programme seeks to satisfy the following strategic objectives:

The five strategic priorities are:

- ∇ **Neighbourhood Nottingham** – The Council and its partners are committed to transforming Nottingham’s neighbourhoods. Radical change is needed to delivery improvements in the quality of life for people in some of our most deprived wards.
- ∇ **Family Nottingham** - We will ensure that children and young people thrive and achieve in education, training and employment.
- ∇ **Work in Nottingham** - We intend to break the cycle of poverty and deprivation by helping more adults into work, raising aspiration and building a stronger culture of work and responsibility in a new generation.
- ∇ **Safer Nottingham** - We are committed to making Nottingham a safer city. We will work with partners to reduce crime and disorder to improve the quality of life for our citizens.
- ∇ **Healthy Nottingham** - We are committed to improving the health and wellbeing of all people, physically, mentally and socially and to reducing the health inequalities within the city.

2.1.2 Children and Young People Plan

This project will also contribute to priorities in the Children and Young Peoples plan.

- ∇ **Keep children and young people safe** - Keep children and young people safe through good social services
- ∇ **Support our families** - Divert children and young people from anti social behaviour and bullying. Reduce drug and alcohol misuse amongst children & young people. Also working with perpetrators, victims and survivors to reduce domestic violence and its effect on children and young people.

2.2 Project Phases

The plan devised for the re-provision will also enable us to implement the Small Group Homes without affecting service delivery i.e. to continue to offer 17 placements.

- v **PHASE ONE:** 1ST CLUSTER – 1 Registered Manager
 1. Beckhampton Rd to run at 3 beds operationally. 1 SGH to be equipped to offer 2 beds
 2. Establish Staff Group. (Internal interviews to be held Jan 2010) – **Now Complete**
 3. Register with OFSTED
 4. Placement of 5 young people. (Young people identified from current placements within existing units)
 5. 9 Beckhampton Rd to offer office space for Registered Managers/Admin Staff
 6. Placement of 2 young people at Chippendale Road, outreached by the existing staff team at 23 Vivien Avenue.
 7. Maintain, initially, 4 placements at 12A Ranskill Gardens.

- v **PHASE TWO:** 2ND CLUSTER – 1 Registered Manager
 1. 2 further properties. Reconfigure 12 A Ranskill Gardens
 2. Establish Staffing Group.
 3. Register with OFSTED
 4. Decommissioning of 12A Ranskill Gardens.

- v **PHASE THREE:**

Evaluate and review provision.

The four properties identified have been valued at approximately £340k and are currently void properties belonging to NCH. NCH are currently processing the appropriation of these properties over to CHS, therefore, there will be no rental commitments associated with them.

The properties are based in the following areas:

Property 1 – 66, Percival Road, Sherwood

Property 2 – 8, Chippendale Road, Lenton

Property 3 – 11, Mettham Street, Lenton

Property 4 – 32, Sherwin Road, Lenton

Due to the amount of time required for the appropriation it has been agreed the NCH will rent Children Services the properties pending the appropriation, thus avoiding holding up the project any further. A tenancy agreement has been drawn up and in the process of being signed giving Children Services occupancy of the four houses from the 1st March 2010.

2.3 Proposed Staffing Structure

The current staffing structure is detailed in **Appendix 3**. The staffing requirement for a SGH and existing Residential Care Homes is as follows:

- v SGH
 - 1 x Registered Manager (A registered manager can oversee three SGH's)

- 1 x Assistant Manager
 - 3 x Residential social Care Workers
 - 3 x Senior Residential Social Care Workers
- ∇ BECKHAMPTON RD (when Reduced to 3 BEDS) (INTERIM MEASURE)
- 1 x Registered Manager (Same as SGH)
 - 1 x Assistant Manager
 - 7.5 x Residential care staff
 - 2.5 x Night Awake staff
 - 1x Admin post (Will cover Service Manager, SGH)
- ∇ RANSKILL GARDENS (INTERIM MEASURE)
- 1 x Registered Manager
 - 1 x Assistant Manager
 - 7.5 x Residential care staff
 - 2.5 x Night Awake Staff
 - 1 x Admin post (part time)

POINTS TO NOTE

1. This structure does not require the current level of Ancillary staff i.e. Cooks, Domestic staff, handy persons
2. Vivian Ave will remain as currently provided
3. As this is progressed consideration will be given to ratio of Senior Residential social care workers. There are no plans to recruit any further seniors.
4. These are all interim measures until all six Small group homes are established
5. As Small group homes are “rolled out” a revision of Night Care staff will need to be undertaken, which is expected to result in further savings.
- 6 This does not include Single Status implications (as yet Not Clarified).

2.4 Project Delivery Plan

The original plan was to have the first cluster of SGH’s operational by 1st April 2010; however this will not be possible now due to the issues raised earlier in the document and the time frame for getting OFSTED approval. If this document is approved this service believes that the first SGH’s will be functional and approved by OFSTED by 5th July 2010. A revised delivery plan has been prepared (**Appendix 4**).

3 PROJECT BENEFITS

3.1 Project Benefits

This project brings numerous benefits to the authority, young people and the care staff that work with the young people.

- ∇ **Government Thinking** – To prevent institutionalisation and provide daily life for young people that meets their needs in order to produce the best outcomes within the five outcomes framework. The Children Matters Task Force set out clear principles underpinning the expansion of Residential Sector. The principles emphasised that Residential homes should be small and domestic in nature.
- ∇ **Better Outcome for Young People** – By working in an environment that replicates as much as possible “family life”. Young people feel cared for, listened to and responded to appropriately. Allows greater potential for individualising experiences for children, the potential for the home to merge more easily within the local community.
- ∇ **Better working for Staff** – Better working environment for staff and better connectivity with the young people. Greater opportunity for staff to have oversight of what is actually happening rather than ‘fire fighting’ with the benefit of reducing the likelihood of bullying within the unit.
- ∇ **More Cost Effective** – This is a more cost effective way of providing Residential Care.

4 FINANCE AND AFFORDABILITY

This section outlines the costs and funding associated with the initial refurbishment and on going running of the preferred option to demonstrate its affordability and its cost effectiveness

4.1 Costing

The cost associated with this project basically fall into two categories:

- ∇ Set up cost i.e. costs necessary to ensure the properties are suitably habitable for the young people and meet OFSTED required standards.
- ∇ Running costs i.e. costs associated with the general running of a home and personal cost associated with the young person.

The estimated set up cost for the four SGH, based on quotes from several contractors can be found in table 1; **Appendix 5** provides a more detailed account of costing.

Table 1: Summary of SGH Setup Costs

Small Group Home	Refurbishment Cost £	Fixtures & Fittings £	Total Cost £
SGH - 1	24,100	14,200	38,300
SGH - 2	22,100	14,200	36,300
SGH - 3	22,100	14,200	36,300
SGH - 4	22,100	14,200	36,300
Total	90,400	56,800	147,200

The scheme requires setup expenditure of £161,920, allowing for a 10% contingency and can be resourced through agreed funding option(s) set out in 4.3:

The estimated annual running cost for the four SGH, based on Children Services current and historical information and information received from Stoke on Trent City Council, (who have successfully introduced SGH), can be found in table 2; **Appendix 6** provides a more detailed account of costing

Table 2: Summary of SGH Annual Running Cost

Small Group Home	No YP	Cost £
SGH 1	2	234,688
SGH 2	4	436,208
SGH 3	6	637,228
SGH 4	8	839,248

4.2 Cost Comparison

Table 3 & 4 provide supporting evidence to show that when the new scheme is in full operation the estimated cost of running SGH's will be lower per young person than the cost of existing residential homes provision. However during 2010/11 not all of these savings will be generated due to the transition from the current operation to the SGH model.

Table 3: SGH V Existing Residential Homes - Annual Running Cost

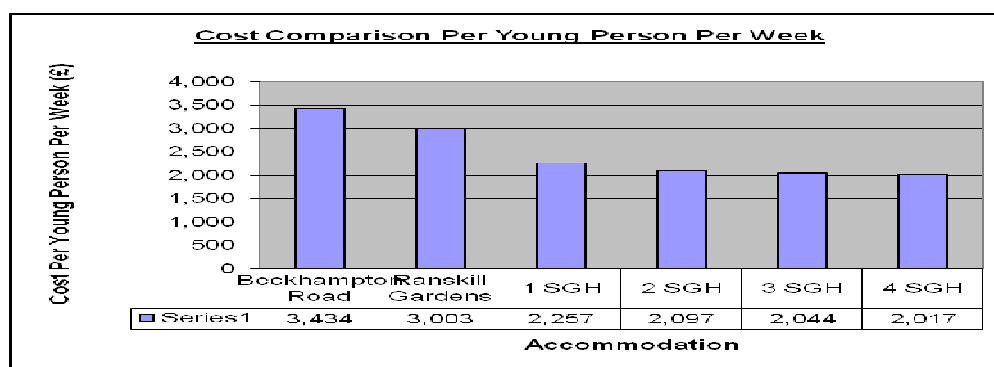
Small Group Home	No YP	Cost £	Cost per YP £
SGH 1	2	234,688	117,344
SGH 2	4	436,208	109,052
SGH 3	6	637,228	106,205
SGH 4	8	839,248	104,906
Beckhampton Road 2009/10	5	892,855	178,571
Ranskill Gardens 2009/10	6	936,849	156,142

Table 4: Cost per Week per Young Person

Residential Property	Cost Person YP Per Week £
1 SGH	2,257
2 SGH	2,097
3 SGH	2,044
4 SGH	2,017
Beckhampton Road	3,434
Ranskill Gardens	3,003

Closing Ranskill Gardens and replacing it with the four SGH will generate an estimated annual net cost saving of approximately £97,600 and provide an additional two beds. The cost savings primarily relates to reduced staffing levels (**Appendix 6**). There will be additional savings with the reduction of ancillary staff at Beckhampton Road, some of which we believe is included in strategic choice.

Chart 1: Cost Comparison per Young Person per Week



4.3 Funding Options

4.3.1 Option 1

The estimated set up costs is shown in Table 1 and is £56,800 revenue and £90,400 capital. These could be funded from the LAA Reward Grant that the department is due to receive. The total amount due is £406,445. This is split 50/50 between 09/10 and 10/11 and is also split 50/50 between capital and revenue as shown in the table below:

Table 5: LAA Reward Grant

<i>Phasing Year</i>	<i>Capital £</i>	<i>Revenue £</i>	<i>Total £</i>
2009/10	101,611	101,611	203,222
2010/11	101,611	101,612	203,223

This is a one-off grant and therefore using part of it for this one-off cost is appropriate.

The Reward Grant is not included in the revenue budget or capital programme for 09/10 or 10/11 so it is additional to current resources.

4.3.2 Option 2

The Capital costs for refurbishment could be funded from Prudential Borrowing. This would incur additional revenue costs of approximately £25k per annum, assuming a repayment a repayment period of 5 years. The acquisition of fixtures and fittings are revenue costs and could be funded from the revenue budget but this would require alternative savings to be made.

4.4 Recommendation

Option 1 is recommended.

5 **STAKEHOLDER CONSULTATION**

5.1 **Stakeholder Consultation**

There has been continuous consultation taken place throughout the project's life with all key stakeholders so far including:

- ∇ Young People
- ∇ Staff
- ∇ Parenting Board
- ∇ Other Agencies

Please see Appendix 6 for more details.

6 STATUTORY PROCESSES

6.1 All residential provision for children in care has to be registered and regularly inspected by OFSTED. Registration is against a set of standards (National Minimum Standards for Children's Homes Dept of Health) which dictate how care should be provided, staffing secured and outcomes for young people achieved.

6.2 Application for registration by OFSTED can only be initiated once the homes are established, furnished and staffed. OFSTED will also require all relevant policies and procedures etc before registration will be confirmed.

6.3 Working groups previously identified in this business case are currently progressing these objectives

LIST OF APPENDICES

- Appendix 1** DMT Report December 2008
- Appendix 2** Original Project Business Case
- Appendix 3** Residential Care Current Staffing Structure
- Appendix 4** Revised Project Delivery Plan
- Appendix 5** SGH Estimated Setup Cost
- Appendix 6** SGH Estimated Running Cost
- Appendix 7** SGH Consultation & Implementation

