

<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Executive Director of Children's Services
<b>Relevant Executive Member:</b>	Executive Member for Children's Services
<b>Submitted to:</b>	Executive
<b>Date:</b>	30 April 2025
<b>Title:</b>	Residential and Supported Accommodation for Children in Our Care and Care Leavers Update
<b>Report for:</b>	Decision
<b>Status:</b>	Public
<b>Council Plan priority:</b>	A healthy place
<b>Key decision:</b>	Yes
<b>Why:</b>	Decision(s) will incur expenditure or savings above £250,000 and have a significant impact in two or more wards
<b>Subject to call in?:</b>	Yes
<b>Why:</b>	Non urgent decision

#### Executive summary

This report presents Executive with an update following on from a subsequent Executive report presented on 28 February 2024 which proposed three workstreams for children's residential services in order to achieve savings over 4 years and the proposed use of the approved £4.5m of capital funding.

The report seeks Executive's agreement of Children's Services change in its approach to one which focuses on prevention as opposed to increasing reliance on residential placements. This will be delivered through the Edge of Care project, Modernising Fostering project, the SHiFT programme as well as the service re-introducing the signs of safety model of care. The move to prevention means that our original intention of growing internal beds is no longer fit for purpose as the need for residential beds should reduce and savings will be achieved through the introduction of the preventative services. This also means that the remaining capital funding of £3.253m identified for 2026/27 will no

longer be required which in turn will provide a saving and reduce borrowing costs for the Council.

There was a £4.5m capital investment allocated to this project in February 2023 of which £1.247m is projected to be spent on the following:

- a) Supported accommodation placements for 16–18-year old's
- b) House purchase and adaptations for fostering permanence
- c) Internal residential Fir Tree Ground Floor and Attic Refurbishment Works

## 1. Purpose

- 1.1 To seek Executive's approval to support Children's Services change in its approach to one which focuses on prevention and that the remaining capital funding of £3.253m identified for 2026/27 will no longer be required.

## 2. Recommendations

- 2.1 That the Executive

- Agree the change in approach to focus on prevention and that capital of £3.253m in 2026/27 is no longer required.

## 3. Rationale for the recommended decision(s)

- 3.1 The Service is now on its journey to embed a focus of working in a preventative delivery model, which in turn will reduce the need for placements especially residential which in turn means the plans for internal growth are no longer fit for purpose and capital funding is no longer required.
- 3.2 The table below shows the breakdown of placement type for the 97 children and young people in residential care.

Placement Type	Number
Residential Home (Group Home) - External	24
Residential Home - External - Block Contract	12
Residential Home Solo Placement	4
Residential Home – Specialist Sexually Harmful Behaviour	1
Residential School	7
Mother and Baby Assessment Unit	0
16+ External - Low Cost (under £1,000 pw)	10
16+ External - High Cost (£2,500+)	17
Unregistered (under 16)	3
In house Residential	16
In house 16+ supported accommodation	7
<b>Total</b>	<b>101</b>

3.3 The table below shows our children looked after population by placement type, age, and category of need between comparisons over a 15-month period.

Placement Type	09/01/24		17/04/25	
	Count	%	Count	%
<b>Group1 Residential</b>	<b>97</b>	<b>18.4%</b>	<b>101</b>	<b>20.2%</b>
n) H5: Residential accommodation	32	6.1%	1	0.2%
o) K1: Secure Children's Homes			1	0.2%
p) K2: Children's Homes	65	12.3%	60	12.0%
nn) K3: Regulated Supported Accommodation			11	2.2%
v) Z1: Other placements* - Supported Accommodation (Un-registered)			28	5.6%
<b>Group2 Fostering</b>	<b>372</b>	<b>70.5%</b>	<b>359</b>	<b>71.8%</b>
a) U1: Foster placement - relatives - long term	14	2.7%	15	3.0%
c) U3: Foster placement - relative - not FFA	106	20.1%	101	20.2%
d) U4: Foster placement - long term	67	12.7%	83	16.6%
e) U5: Foster placement - FFA	1	0.2%	5	1.0%
f) U6: Foster placement - not FFA	184	34.8%	155	31.0%
<b>Group3 Other</b>	<b>59</b>	<b>11.2%</b>	<b>40</b>	<b>8.0%</b>
i) A5: Placed for adoption - order - foster	2	0.4%		
j) A6: Placed for adoption - order - not foster	5	0.9%	6	1.2%
k) P1: Placed with parents	40	7.6%	28	5.6%
l) P2: Independent living	5	0.9%		
r) R2: NHS/Health Trust	1	0.2%		
s) R3: Family Centre or Mother and Baby Unit	3	0.6%		
t) R5: Young Offender Institution	3	0.6%	5	1.0%
v) Z1: Other placements* - Independent Living (Un-registered)			1	0.2%
Grand Total	528	100.0%	500	100.0%

3.4 Children in Our Care Population has reduced from 528 to 500. There have been 28 children less in our care during this period.

3.5 There has been an increase of 1 child that are now in residential placements.

3.6 We have seen a decrease of 13 Foster Placement over the 15-month period. The suggested new prevention approach of having a programme of work which will focus on Preventing Care Starts and Placement Sufficiency through the Children's Transformation Programme will aim to increase the net number of foster carers, which will support the reduction of residential placements needed. This programme of work will also complement the residential placements governance to support managing the need and future demand of children's residential home placements

#### 4. Background and relevant information

4.1 In February 2023, a report was presented to the then Executive which laid out a plan to make savings in Children's Services by increasing the number of residential and supported accommodation places provided internally by Middlesbrough Council,

thereby reducing the spend on external placements. The Revenue Budget, Council Tax, Medium Term Financial Plan, and Capital Strategy 2023/24 report to Council on 27 February 2023 provided £4.5m of capital investment funding to help support the achievement of the plan and the associated savings.

- 4.2 By February 2024, it was clear that the delivery of the plan was being hampered by the cost of refurbishment of several identified buildings which were higher than expected and made proceeding unviable.
- 4.3 The report presented to Executive on 28 February 2024 (Appendix 1) updated the three workstreams contained in the earlier plan in an attempt to get the savings back on track, which were:
- Workstream 1: Capital Developments - In-house Children Residential Homes;
  - Workstream 2: Partnership Commissioned Arrangements;
  - Workstream 3: Optimise in-house resources.
- 4.4 Workstream 1 remained focused on using capital funding to purchase properties allowing us to open more homes. The approach of the workstream was to seek to increase internal residential provision by purchasing properties from either new build development sites, or properties on the open market over 4 years.
- 4.5 No savings were envisioned to be made in 2024/25 through this workstream. However, it was expected that it would yield £340,000 of savings in 2025/26, £170,000 of savings in 2026/27 and £340,000 of savings in 2027/28.
- 4.6 Workstream 2 plans were:
- Partnering with commissioned providers to complement the residential and supported accommodation placements for Middlesbrough children. This would form part of the Children's Care residential and supported accommodation offer. A procurement exercise would identify a partner organisation who would bring additional children's residential care homes.
  - The independent sector market will be invited to enter into dialogue with us under a formal procurement process to offer more innovative solutions to the issues being faced concerning Children's Placements. Through a procurement process the authority can consider moving forward with any potential solution that meet our needs, on a more cost-effective basis.
  - This would involve investment from the £4.5m approved capital programme (approved by Council on 27 February 2023), with a risk share agreement and the share of operating profits.
  - From 2027/28 the number of supported accommodation placements provided by the partnership provider will look to increase, if required, in line with forecasted demand.

- 4.7 No savings were planned for 2024/25 through this workstream. However, it was expected that it would yield £21,000 of savings in 2025/26, £268,000 of savings in 2026/27 and £333,000 of savings in 2027/28.
- 4.8 Workstream 3 was focused on selling beds to other Council's in return for income. Again, no savings were envisioned to be made in 2024/25 through this workstream. However, it was expected that it would yield £89,000 of savings in 2025/26, £177,000 of savings in 2026/27 and £177,000 of savings in 2027/28.
- 4.9 With regard to Workstream 1, whilst a number of properties were viewed and offers made by the Council none of them progressed to completion.
- 4.10 It became harder to find further properties due to our requirements for the accommodation (e.g. number of bedrooms, location, etc) and Middlesbrough's small footprint.
- 4.11 Since the previous direction was set to increase residential homes, there have been a number of challenges including key staff turnover, capacity and sustainability as well as Ofsted inspection outcomes which have identified areas for improvement.
- 4.12 Alongside this our residential homes started to experience high levels of staff vacancies and children, and young people's needs were increasing in complexity, and it became apparent to us that even if we were able to secure a property, we would potentially struggle to recruit the staff to deliver the care. To address the workforce capacity and capability challenges we are considering the creation of a regional Training Academy which will attract, upskill and capacity build alternatively qualified staff to help with future demand in this area. The Service will be able to provide an updated position on this in six months' time.
- 4.13 In light of all of the information to hand, a decision was made to cease work on Workstream 1. We also felt we were not in a position to progress with Workstream 3 either meaning that both savings are at risk, and this was subsequently reported in line with the PMO process and budget reporting.
- 4.14 This rationale for this approach was further borne out when we then had an Ofsted inspection in one of our homes that highlighted many of the issues, we were becoming increasingly aware of. This visit nearly resulted in the closure of the home, however following the commissioning of a staff team and an action plan being implemented the threat of closure was removed and we actually secured a re-grade from 'Inadequate' to 'Requires Improvement' at the Ofsted visit.
- 4.15 The Ofsted judgement mentioned in 4.14 resulted in the commissioning of an external staff team and allowed the home to remain open and continue to deliver care to the children and young people residing there. The cost of this has reduced from £23,000 per week to £7,000 per week linked to a robust renegotiation of the contract due to internal changes within the home. The plan is that the commissioned team will cease by the end of April 2025. Commissioning and children's social care are jointly looking

at post 16 options that will include care leavers through other partnership arrangements such as YMCA. Indications at this stage are positive, having the potential to extend to the age of 25 which would provide care for those young people who are most vulnerable.

- 4.16 The cost of the Commissioned staff team is not sustainable in the long term both from a service delivery and budget position, so following consideration of our options it was agreed that this home would be identified for a partnership approach for future delivery.
- 4.17 Instead of an approach which seeks to decrease the number of external residential placements by increasing the number of internal ones, we are changing our approach to focus instead on preventative work doing this and hopefully avoiding the need to increase beds at all. The Service is still committed to exploring all options to bringing young people closer home or back to the borough when it's appropriate and safe to do so. In many circumstances, bringing young people back into internal residential placements would have a financial and non-financial benefit to it and we will explore opportunities for this as our service becomes more resilient and progresses further on its improvement journey.
- 4.18 At present our residential estate has 3 homes that are rated as 'Good' and our strategy will be to continue to deliver them internally as this feels the right size estate for the Council to manage effectively. In contrast we have 3 homes rated as 'Requires Improvement' and our vision for those homes is to review what the best future delivery model would be, which could be working with the external market in the future.
- 4.19 As a result of the change in approach to prevention, the savings identified for 2025/26 will now be re-profiled so they are still achieved but more likely over a longer period of time. This will be done in partnership with Finance to ensure that this reflected correctly in our budget reporting.
- 4.20 In addition to being able to secure savings, an approach which focusses on prevention rather than securing buildings for internal placements is also likely to yield better outcomes for young people.
- 4.21 The move to a prevention focus will also review the use of unregulated accommodation for our children and young people and ensuring we have sufficiency in other placement opportunities to avoid continued use. It is hoped that Workstream 2 commissioning of more supported placements will offer one route to assist in this matter as well as trying to understand why unregulated placements are being relied on so that changes to delivery models in our homes can be considered.
- 4.22 Our ambition over the next 6 months is to agree aims and objectives and below are the current draft suggestions:
  - 1. To understand the delivery ambition and capability of internal services, including review of staffing structure as well as how we improve recruitment and retention.

2. To explore the creation of a Northeast region Training Academy that will upskill, and capacity build alternative qualified staff to address the workforce shortage within the sector.
3. To work with commissioning to understand further block contract or partnership commissioning opportunities that could help delivery service sustainability of our current service and increasing bed numbers if appropriate.
4. To work with commissioning focusing on how we reduce the use of unregulated placements and alternative and innovative delivery models that could fill this gap.
5. To work collaboratively with Education to ensure any plans or growth for the service will not result in children or young people not being able to access the right education placement.
6. To understand how the Edge of Care project will improve early intervention for children, young people and families potentially reducing the number of residential placements needed.
7. To understand how the Fostering Project will increase the number of in-house foster placements, which in turn will potentially reduce the number of residential placements needed.
8. To continue to work with our in-house service, commissioned services, housing partner and Growth & Place to ensure care leavers have access to appropriate housing as they transition into independence in their own residency.
9. After 6 months we will provide an updated position on the new approach strategy and it's impact.

4.23 The Service is being supported by other areas of the Council and the focus now is on how we ensure the services we deliver are fit for purpose securing future delivery and being open to understanding how the market can help us meet our sufficiency gaps.

4.24 The Director of Finance and Transformation is fully briefed on the financial position of this change in these workstreams, and this is reflected in our current budget planning processes.

4.25 As outlined above this change of approach reflects the current circumstances that Children's Services are operating in, and they may be a requirement to review this approach in the future if circumstances change.

## **5. Other potential alternative(s) and why these have not been recommended**

5.1 This is work that is currently being actioned and further reports will be presented once plans are confirmed in order to seek appropriate governance approval.

## **6. Impact(s) of the recommended decision(s)**

Topic	Impact
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## Financial (including procurement and Social Value)

There are no procurement or Social Value specific impacts from this report as this is about securing a change in direction focusing on prevention delivery as opposed to increasing our internal residential estate.

There was a £4.5m capital investment allocated to this project of which £1.247m is projected to be spent on the following:

- d) Supported accommodation placements for 16–18-year old's
- e) House purchase and adaptations for fostering permanence
- f) Internal residential Fir Tree Ground Floor and Attic Refurbishment Works

There is a financial impact as the 2 workstreams that are no longer progressing both had savings attached to them of

<b>Project</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>
Workstream 1	£21,000	£268,000	£333,000
Workstream 3	£89,000	£177,000	£177,000
<b>TOTAL</b>	<b>£110,000</b>	<b>£445,000</b>	<b>£510,000</b>

The Service is now focusing on replacing these savings with alternative savings, but as part of this they will no longer require £3.253m capital funding in 2026/27 which will produce a saving of £300,000 as costs of borrowing will no longer be needed. The saving from this will be achieved in 2027/28 which means that the savings outlined below will need replacing with alternative savings:

<b>Project</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>
Workstream 1	£21,000	£268,000	£333,000
Workstream 3	£89,000	£177,000	£177,000
Saving Identified			(£300,000)
<b>TOTAL</b>	<b>£110,000</b>	<b>£445,000</b>	<b>£210,000</b>

The Service is undertaking a structural review in the internal services, and savings identified will be used to offset the required 2025/26 saving, and this will be required to be subject to financial assurance by Finance.

It is planned that the remaining savings from 2026/27 will be offset against other prevention workstreams or if other savings opportunities can be identified will be assigned to a new saving project. This will require to be subject to financial assurance by Finance and details of this will be provided in future quarterly budget monitoring reports.

	The Workstream 2 saving will remain in place and will be reported via the Commissioning & Procurement Team once the services go live.
Legal	There are no adverse impacts from this report.
Risk	<p>There is a risk that savings may not be achieved if operational delivery is impacted by issues such as staff sickness, staff redeployment and critical incidents that require an increase in staff. There is a recognition that recruitment has been a challenge in the service. There is a regional agreement to advertise across Tees valley however this still may not change the issue of being able to attract suitably trained and qualified staff.</p> <p>The service is working to reduce its reliance on agency staff, but this will take time to reduce when balanced against recruitment opportunities.</p> <p>There will be an additional risk if preventative services are not able to deliver on preventing children coming into residential care.</p>
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no human rights, Public Sector Equality Duty or community cohesion issues that arise from the recommendations in this report.
Climate Change / Environmental	There are no adverse effects for Climate Change / Environmental from this report, however sustainability is a key factor within procurement processes.
Children and Young People Cared for by the Authority and Care Leavers	<p>The change in focus from growing our internal beds to that of increasing prevention will only positively impact on our children and young people and care leavers as it will look to avoid and support as many to remain in the family home.</p> <p>Increasing our fostering carers will increase our ability to place children and young people in family homes as opposed to residential beds.</p>
Data Protection	There are no data protection or GDPR implications from this report. The procurement process within the authority has embedded with it appropriate procedures for ensuring compliance with GDPR where appropriate.

### **Actions to be taken to implement the recommended decision(s)**

<b>Action</b>	<b>Responsible Officer</b>	<b>Deadline</b>
After 6 months we will provide an updated position	Executive Director of Children's Services	6 months

on the new approach strategy and its impact.		
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## Appendices

None.

## Background papers

Body	Report title	Date
Council	Revenue Budget, Council Tax, Medium Term Financial Plan, and Capital Strategy 2023/24	27/2/23
Executive	Increased Residential and Supported Accommodation for Children in Our Care and Care Leavers	28/2/24
Executive	Executive Report 28 February 2024 - Increased Residential and Supported Accommodation for Children in Our Care and Care Leavers	28/2/24

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