

**Agenda Item No: 4**

**INSOURCING THE DELIVERY OF OVERNIGHT SHORT BREAKS AND RESIDENTIAL CHILDREN'S HOMES FOR CHILDREN AND YOUNG PEOPLE WITH DISABILITIES IN CAMBRIDGESHIRE AND PETERBOROUGH**

**To:** Commercial and Investment Committee

**Meeting Date:** 11 September 2020

**From:** Executive Director for People and Communities

**Electoral division(s):** All

**Forward Plan ref:** N/a **Key decision:** No

**Purpose:** To retrospectively provide the Committee with information on the insourcing of Residential and Overnight Short Breaks for Disabled Children back into Cambridgeshire County Council (CCC), in particular the implications on the future on-going costs to CCC Property.

**Recommendation:** Committee is asked to consider, approve retrospectively and comment as appropriate.

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## 1. BACKGROUND

- 1.1 Cambridgeshire County Council (CCC) and Peterborough City Council (PCC) provide a range of Short Breaks for Disabled Children and Young People<sup>1</sup>. Short Breaks are provided for parents/ carers of disabled children in order to support their ability to continue their caring responsibilities as effectively as possible, as well as ensuring the young people have the opportunity to: develop independence, promote and support physical and emotional health, build relationships and enjoy new experiences.<sup>2</sup>

Residential Care and Community Short Breaks delivered by CCC and PCC include:

- community short breaks (such as activities, holiday clubs and domiciliary care services),
- accommodation based short breaks (in a registered children's home or LINK fostering setting),
- shared care arrangements (in a registered children's home); and
- the opportunity for families to receive their day time short break via Direct Payments.

- 1.2 The current contract for Residential Overnight Short Breaks and Shared Care across Cambridgeshire is delivered by Action for Children (AfC), and was awarded in October 2015. The Contract term is 4 years, with the option of a 4 year extension and the annual contract value is £2,473,525.00.

The contract encompasses the delivery of short breaks, shared care and long term residential provision to disabled children and young people across three CCC provisions, Haviland Way (short breaks, Shared Care and Long Term), Woodland Lodge (short breaks) and London Road (Shared Care and Long Term).

All three properties are Ofsted registered children's homes and are CCC owned buildings. "Peppercorn rents" for each of the buildings are paid by the provider and recouped by the Provider through the invoicing of the block contract.

The leases for the property are held by Cambridgeshire County Council's Property Services.

All budgets in relation to community support breaks for disabled children is ring fenced to the block contract, as well as £350,000 of funding from the Clinical Commissioning Group (CCG) for children and young people with complex care needs.

- 1.3 In February 2019 the Children and Young People's [CYP] Committee took the decision to delegate authority exercised to execute a contract extension relating to residential breaks for disabled children in order to allow for a full consultation with children, young people, families, the workforce and stakeholders and ensure the strategic requirements

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<sup>1</sup> <https://www.legislation.gov.uk/ukpga/1989/41/schedule/2>

<sup>2</sup> <https://www.legislation.gov.uk/uksi/2011/707/introduction/made>

of the Council were met.

- 1.4 Throughout 2019, a review of provision was conducted by the Residential and Overnight Short Breaks Project Group, a cross functional group made up of operational leads, Commissioners, Finance and Human Resource Partners, Procurement, Property Services and external stakeholders, and as a result a business case was presented to the Executive Director People & Communities, Wendi Ogle Welbourn, and in turn to the Cambridgeshire & Peterborough Joint Commissioning Board.

This business case set out a rationale for change to the existing delivery model, following a comprehensive 12 week consultation with families, and a needs / gap analysis that has been undertaken concurrently with the consideration of a range of local and national policies and agendas.

Following the consultation, review and business case, a decision was taken by the CYP Committee that in order to achieve a range of long term development and transformation to the service, the services would be best delivered by the Council.

The CYP committee decided the following:

- a) Agree the TUPE of 73 employees from Action for Children into Cambridgeshire County Council
- b) Agree to insource our Residential and Overnight Short Breaks service
- c) Note the outcome of the Overnight Short Breaks Consultation

- 1.5 A Children with Disabilities [CWD] Programme Board was formed in order to deliver transformation work and continues to consist of representatives from Disability Social Care, Commissioning, Finance, Human Resources, Property and Strategic Assets, Operational Service Leads, Procurement and legal advice, when required

- 1.6 The mobilisation of the business case was split into two phases:

- **Phase 1** to insource the children's homes back to the Council as an enabler to achieving the strategic priorities for disabled children, and a longer term transformation of the service model; and
- **Phase 2** to ultimately mobilise a longer term model of these services that aligns across CCC/PCC, promotes increased independence and less reliance on accommodation based provision, creates provision that is more responsive to complex needs and that enables greater choice and flexibility.

- 1.7 The CWD Programme Board was advised to submit an application to the Strategic Assets / Operational Assets Board, in order to inform them of the programme of work and request advice on alternative properties that may better service the provision requirements, namely replacing London Road

- 1.8 The outcome of this request was that there were no other properties that would fulfil the requirements of a long term children's homes, above and beyond the requirements that London Road was already providing.

## **2. MAIN ISSUES**

2.1 Officers from across the organisation have continued working together under the CWD Programme Board to ensure the effective mobilisation of the insourcing.

2.2 The CWD Programme Board believed that all required approvals for the project had been obtained once the London Road issue was resolved. However, in June 2020, the board was advised that the property aspects of the insourcing, including the cost and use of the buildings for the ongoing purpose of providing the service needed to be presented to the Commercial and Investment [C&I] Committee.

2.3 A paper was subsequently presented to the Joint Management Team [JMT] in July 2020 seeking direction and proposing a recommendation to retrospectively bring a paper to the C&I Committee in September 2020, as no Committees were held in the month of August. This paper has therefore had to retrospectively come to C&I Committee in September, by which time the transfer of the services back in-house to the Council will have taken place (3<sup>rd</sup> September 2020)

### **2.4 Financial Position**

In January 2020's paper to CYP committee, there was a deficit identified in respect of the budgets available to the service and the cost to delivery [circa £200k-£230k]. This was identified following a full cost appraisal of the budgets available to the service [including those wider than the ring fenced circa £2.35m budget] and a full cross function budget build informed by a budget planning meeting attended and advised by Property Services, Finance and the incumbent provider responsible for the buildings.

A final budget build has been worked up between Operations [Disability Social Care 0-25 Service] and Finance and the current position is projecting running costs of C£2.7m against a £2.4m budget, realising a c£300k annual pressure. This represents a c£150k in year pressure.

A further £81k is estimated to be needed to cover associated set up costs of insourcing the service. This largely consists of IT equipment and Ofsted registration and whilst this had not been accounted for in the existing budget, it is anticipated that a range of means will be applied to try and absorb this financial pressure.

Therefore, in year for 2020/21 there are *estimated* pressures of:

- c£150k legacy staff and running costs
- £81k IT and set up costs

creating an estimated combined in year pressure of c£231k. This is concurrent with the £200,000 to £230,000 cost pressure that was reported in January 2020 committee paper.

2.5 It was also noted in the paper that there were a range of means in order to mitigate the

anticipated pressure including the ability to use wider service budgets flexibly as the Direct Payment model increases, as well as the flexibility not to recruit to vacant positions that is not afforded in the restrictions of an outsourced budget.

- 2.6 It is anticipated that the financial pressure on the existing service budget will be largely managed by the mitigations in 2.5 above in order to bring the budget back in line in year. The service will also endeavour to manage the £81K one-off IT set up costs, but this may not be possible and may result in an in-year pressure. Consideration will therefore need to be given around how all of these costs can be managed across a range of Council budgets, including Children with Disabilities and Property Services.

## 2.8 **Property Position**

The three sites were let to the service provider on conventional leases. The insourcing of the service requires that the leases be terminated and the properties brought back into CCC's direct management. The leases have provision for termination in the event of changes to the service provision. At the end of the lease the tenant is required to comply with the various lease provisions. The combined dilapidations liability across the three properties has been initially assessed to be £255K. Dilapidations will be negotiated with AfC as part of the lease termination. In addition there may be other potential outstanding sums and clarification is awaited from AfC to ensure that CCC does not become responsible for any historic debts. There are also ongoing discussions regarding the removal or retention of specialist equipment within the properties and the associated maintenance contracts as part of dilapidations.

The lease termination will be completed on normal commercial terms in line with Council policy. The combined estimated revenue operating costs of these three sites is £95K per annum. As revenue running costs were a tenant responsibility there is no current property budget allocation for these sites and confirmation of funding for these costs is awaited.

## 2.9 **Quality Assurance**

Upon transfer the service will now be managed as an internally commissioned service. Cambridgeshire County Council's Children's Commissioning team will continue to monitor service delivery and quality assurance and a new service specification has been developed to ensure achievable outcomes and robust quality assurance procedures. Any quality and performance issues will be made known to the CYP Committee and full assurance on the existing position was provided in an update briefing to CYP Committee in July 2020.

# 3 **ALIGNMENT WITH CORPORATE PRIORITIES**

Report authors should evaluate the proposal(s) in light of their alignment with the following three Corporate Priorities.

## 3.1 **A good quality of life for everyone**

The following bullet points set out details of implications identified by officers:

- Continuation of short breaks for young people and families with caring roles.

- Ensure the effective utilisation of Council budgets to ensure we maximise the offer available to families now and in the future.
- Local services enable and provide consistency and continuity in care and support across education, health and social care.
- Young people are more likely to be supported to remain in and/or return to the family home if they are placed in local provision, ensuring close family contact, training and resilience for family settings and keeping local services that know children well at the centre of their care and support.
- Successfully keeping children and young people in their local communities as children, they are more likely to be able to lead fulfilling, connected lives in their local communities as adults, thus avoiding the need for costly and/or out-of-county adult care arrangements

### **3.2 Thriving places for people to live**

- Provide an infrastructure that enables us to embed services in the heart of communities and draw on local services to provide resilient communities for disabled children and young people.
- Continued delivery of local provision will sustain employment opportunities for care and support staff; and support workforce recruitment/retention which contributes to the local economy.

### **3.3 The best start for Cambridgeshire's Children**

All packages and allowances of care have remained the same after the service has transferred in-house. The care provided will remain the same and the quality of care will be monitored as an in-house Commissioned service.

## **4 SIGNIFICANT IMPLICATIONS**

### **4.1 Resource Implications**

The following bullet points set out details of significant implications identified by officers:

- The service will cost more to provide in house in the short term. However, opportunities for immediate mitigating actions have been identified to address this including holds on recruitment for vacant posts and invest to save proposals.
- There is a pension pressure as a result of TUPE.
- Continued capital asset cost in the form of three Council buildings and increase management costs. However, these are in the main funded by the existing block contract used for the current Action for Children contract.

### **4.2 Procurement/Contractual/Council Contract Procedure Rules Implications**

*There are no significant implications within this category*

### **4.3 Statutory, Legal and Risk Implications**

All affected staff have transferred in via TUPE.

#### 4.4 Equality and Diversity Implications

*There are no significant implications within this category*

#### 4.5 Engagement and Communications Implications

- Robust engagement has taken place to support staff retention and any anxiety amongst the workforce during the TUPE process as well as engagement with the children/young people and their families on these changes.
- Consultation will need to continue throughout mobilisation and any re-design of services to ensure children, young people and their families' voices are heard and that the Council deliver on their identified outcomes.

#### 4.6 Localism and Local Member Involvement

*There are no significant implications for this section*

#### 4.7 Public Health Implications

*There are no significant implications for this section*

Implications	Officer Clearance
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Martin Wade
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	Yes Name of Officer: Gus De Silva
<b>Has the impact on statutory, legal and risk implications been cleared by LGSS Law?</b>	Yes Name of Legal Officer: Fiona McMillan
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	Yes Name of Officer: Oliver Hayward
<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes Name of Officer: Tony Darnell
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	Yes Name of Officer: Oliver Hayward

<b>Have any Public Health implications been cleared by Public Health</b>	Yes Name of Officer: Raj Lakshman

<b>Source Documents</b>	<b>Location</b>
Links to source documents included within the body of the report.	