



## Mayor and Cabinet

### **Report title: Secure Children's Home for London Children and Pan-London Vehicle for Commissioning**

**Date:** 11<sup>th</sup> January 2023

**Key decision:** Yes

**Class:** Part 1 (Open)

**Ward(s) affected:** All

**Contributors:**

Pinaki Ghoshal, Executive Director for Children & Young People

### **Outline and recommendations**

This report seeks approval to join a Pan-London Vehicle (PLV) for Commissioning which will develop secure welfare provision in London and will also provide a mechanism for future joint commissioning. There is currently a severe shortage of such accommodation nationally, and none in London. This can lead to difficulty placing children where their needs can best be met, and can lead to high costs.

London local authorities have secured funding from the Department for Education to develop a Secure Children's Home in London, to be opened in 2025-26. The grant will fund capital and revenue costs for development of the provision. In order to develop and run this new provision, it is proposed to establish a company, owned and run by London local authorities. In the long term, this company's remit can extend to other key pan-London commissioning arrangements that will improve the lives of London's children and young people.

Please see paragraph 12 for full details of the recommendations.

## Timeline of engagement and decision-making

1. There has been wide consultation on the proposals outlined in this report to ensure it accurately reflects the aspirations and priorities of London local authorities. The groups that have been consulted are outlined in paragraphs 4.1 and 4.2.
2. Consultation with relevant groups will be ongoing throughout the development phase and this will include engagement, consultation and coproduction with children, young people and their families as appropriate.
3. Commitment is sought for a five-year period, 1 April 2023 to 31 March 2028, with a breakpoint after three years after the refreshed business case has been developed, as well as the service pricing structure, commissioning approach, operating model, practice model and the SCH's location is confirmed. Thereafter, commitment will be sought for ten-year periods, with breakpoints every five-years.
4. Subject to a sufficiently large number of London local authorities opting in, then the development of the London Secure Children's Home will proceed, with planned opening between 2025 and 2026.

## 1. Background

- 1.1. Secure children's homes (SCH) are residential homes for vulnerable children aged between 10 and 17. SCH restrict children's liberty in order to ensure their safety and/or the safety of others. Some young people are placed in SCHs on remand or on being sentenced by the justice system, others enter for welfare reasons due to concerns that they are at serious risk themselves or are a serious risk to others.
- 1.2. Secure accommodation welfare placements are available for young people that meet the criteria set out in Section 25 of the 1989 Children's Act for placements in England, (or in section 119 of the Social Services and Well-being Act 2014 for placements in Wales, The Children (Northern Ireland) Act, 1995; Secure Accommodation (Scotland) Regulations 2013;). These Acts stipulate that a child being looked after by the local authority may not be placed and if placed may not be kept, in secure accommodation unless it appears:
  - That he/she has a history of absconding and is likely to abscond from anything other than secure accommodation; and
  - If he/she absconds he/she is likely to suffer significant harm (Section 25(1)(a) / Section 119(1)(a)); or
  - If he/she is kept in anything other than secure accommodation he/she is likely to injure him/herself or other persons (Section 25 (1)(b) / Section 119(1)(b)).
- 1.3. To place a young person in a SCH for welfare reasons, a Local Authority must apply to court for a secure order. If the young person is under thirteen a senior government official must also give approval.
- 1.4. There are 22 SCH across England, Northern Ireland, Scotland and Wales<sup>1</sup> encompassing a range of services within a secure environment that support the individual needs of the children in its care and includes full residential care, educational facilities and healthcare provision. Secure children's homes are run by local authorities, voluntary organisations,

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or they are privately run.

- 1.5. The current system lacks the capacity to provide a bed for all young people referred for welfare reasons. On such occasion local authorities are required to find a safe residence and take the necessary steps to meet the young person's needs and keep them safe.
- 1.6. Over the last year we have had fourteen placements where we have had been unable to find accommodation within the Secure estate on grounds of welfare. Alternative bespoke arrangements therefore had to be put in place with an average cost of £10,980 per week.

## 2. Policy Context

- 2.1. This report aligns with Lewisham's Corporate Priorities, as set out in the Council's [Corporate Strategy \(2022-2026\)](#):
  - Cleaner and Greener
  - A Strong Local Economy
  - Quality Housing
  - Children and Young People
  - Safer Communities
  - Open Lewisham
  - Health and Wellbeing
- 2.2. In particular, this report is closely aligned to priority four 'Children and Young People' as detailed in paragraphs 2.3 to 3.11 of this report.
- 2.3. 'At any one time, around 25 children each day are waiting for an SCH place and around 20 are placed by English local authorities in Scottish secure units due to the lack of available places in England.'<sup>ii</sup>
- 2.4. London currently has no Secure Welfare provision for children, resulting in fragile arrangements following the placement to allow the child to maintain contact with their support network and greater financial cost to the local authority.
- 2.5. The numbers of children placed are small, but the placements expensive. Further, where places are not available, the alternatives, often requiring multiple ratios of staff for each child, are amongst the costliest placements for children's services. For example, the Association of Directors of Children's Services (ADCS) recently highlighted more than twenty local authorities paying over £20K per week (equivalent to £1 million per year) and one case of £49,680 per week (equivalent to over £2 million per year).
- 2.6. Following work by London local authorities, Health and the Mayor's office, a proposal to Department for Education has secured a grant for £50 million capital and over £3 million revenue to develop a Secure Children's Home in London, to be opened in 2025-26. The grant will fund capital and revenue costs for development of the provision. This development will bring additional capacity to the market but requires a pan-London approach.
- 2.7. It is proposed that a company, owned by London local authorities, should be established to oversee the development and running of the new secure children's home provision. In the long term, it is intended that the PLV's remit will include other key pan-London commissioning arrangements that will improve the lives of London's children and young people. This company is referred to in the rest of this report as a 'Pan-London Vehicle ("PLV")'.
- 2.8. A Pan-London Vehicle (PLV), jointly owned by London local authorities, will initially oversee the build and contribute to the development of the operating model for the new SCH provision, as well as the commissioning arrangements to run the service. The PLV will be a means to share the risks and benefits associated with developing and running the SCH, with a key benefit being that places at the new provision will be prioritised for

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the London local authorities who opt in to join the PLV.

- 2.9. Membership of the PLV will not guarantee a placement being available to the Member Authority but they would be prioritised for placement and have a lower fee than non-member local authorities
- 2.10. The Department for Education need confirmation of local authority support and Barnet (as current fund holding local authority) is seeking committed partners for the next phase. Joining the PLV at this time will enable Lewisham to influence the next phase, including design of building and provision, further financial modelling, revised business case, provider selection, development of practice model, safeguarding arrangements and placement processes.
- 2.11. After this development phase, local authorities will have the option to continue their membership of the PLV into the operational period or end their membership. There will be ongoing opportunities for London local authorities to join or leave the PLV, should that be necessary, in line with arrangements agreed by the member local authorities.

### **3. Why does London need Secure Welfare Provision?**

- 3.1. Children with particularly complex needs, including those who are at significant risk of causing harm to themselves or others, including risk to life, can be placed in a secure children's home when no other type of placement would keep them safe. Children placed in SCHs are likely to have experienced a number of placements that have broken down, missed a lot of education, have unmet emotional and physical health needs and have suffered a great deal of trauma in their lives. SCHs provide a safe place where these very vulnerable children can receive the care, education and support that they need. A secure children's home is a locked environment, where their liberty is restricted and they are supported through trauma aware and psychologically informed integrated care, health and educational services.
- 3.2. Across London, a relatively small number of children require a secure welfare placement, which is very high-cost provision and despite their complex needs, these children are often placed the furthest from their home local authorities, an average distance of 192 miles, which impacts detrimentally on children who lose contact with family and the community. Additionally, the loss of local contacts and pathways in education, training and employment has a negative impact on their development post-placement.
- 3.3. Further, there is a national shortage of provision and places are often not available when referrals are made so children are then placed in less suitable but higher cost alternatives. This shortfall in provision is particularly acute in London where there is not any Secure Provision – over three years London referred 295 children to Secure Provision but only 159 received places. The majority of requests (72%) are for children from Black and Minority Ethnic groups, well in excess of the London comparable profile of 41%. The current arrangements are exacerbating poorer outcomes for this group and racial disparities.
- 3.4. Pan-London analysis pre-Covid (eight-month period October 2017 to May 2018) highlighted that an average of 21 London children were in Secure Welfare provision at any one time.
- 3.5. Snapshot data taken at the end of each month, in the period between December 2021 and September 2022 shows that there is, on average, 12 of London's children in a secure welfare placement at the end of each month – this includes 3 children each month who are living in a secure welfare provision in Scotland - over 450 miles away. Although this looks like a fall in numbers compared to pre-Covid, in the same period, the data shows that 29 referrals were made but a placement was not offered. In a September 2022 survey, London local authorities reported that due to the known shortage of provision,

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they often do not make a formal referral at all. This indicates that the national shortage of provision is impacting even more of London's children than the data suggests.

- 3.6. Of a sample of 50 'alternative to secure' placements reported in a September 2022 survey, 17 related to children with a deprivation of liberty order in place. Instead of being placed in a secure children's home, as required by the court order, these children were placed in settings that are not specifically designed to keep them safe and 10 of these placements were in unregulated settings or in provisions that are not legally registered to operate as a children's home. This means these vulnerable children would be at risk of not receiving the care, education and support that they needed.
- 3.7. Financial data provided by London local authorities in the September 22 survey shows that the average cost of a secure welfare placement has increased; the average being £7K per week in 2019, rising to £10.5K per week in 2022 and some local authorities have paid up to £25K per week for secure welfare placements in that period. In the same period, local authorities have also paid up to £30K per week for placements made as an alternative to secure.
- 3.8. The numbers of children are too small and the investment required too great for any one local authority to run its own provision, but there is potential for a pan-London approach, which would enable the benefits to be shared whilst also jointly managing the risks of developing such provision. A pan-London approach also fits with recent reports from the Competition and Markets Authority (<https://www.gov.uk/government/publications/childrens-social-care-market-study-final-report/final-report>) and the Independent Review of Children's Social Care (<https://childrensocialcare.independent-review.uk/>) which recommended multi-authority approaches to develop greater understanding of need, engage with the market and stimulate new provision.
- 3.9. The need for provision was also highlighted through Her Majesty's Chief Inspector's Annual Report to Parliament (2020) which stated –  
*The national capacity of Secure Children's Homes remains a significant concern, with approximately 20 children awaiting a placement on any given day and the same number are placed in Scottish secure units. This increases pressure to use unregulated provision. Provision is not always in the right place, so that some children are placed a long way from their home and family.*
- 3.10. The Association of London Directors of Children's Services (ALDCS), working with NHS England and the Mayor's Office for Policing and Crime (MOPAC) commissioned a review in 2018 of the use of Secure Children's Homes by London's children and young people. This review provided detailed evidence of the need for provision in London, which has informed this report.
- 3.11. There is also a shortfall of high-cost low incidence provision in London, estimated as at least 225 places, which drives up costs resulting in overspends across London local authorities which exceed £100 million. The Competition and Markets Authority highlighted the lack of suitable local provision nationally, but particularly in London citing – 'lack of placements of the right kind, in the right place...materially higher prices...and providers carrying very high levels of debt.'

## 4. The proposed provision

- 4.1. The Association of London Directors of Children's Services (ALDCS), London Councils, NHS and London Innovation and Improvement Alliance (LIIA) have expressed unanimous support for the development of secure children's home provision and developed a business case for secure children's home provision in London. This

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business case, which is available on request, has formed the basis of a successful bid to Department for Education and funding has been allocated to develop the required provision for London children.

- 4.2. As well as ALDCS members, a range of stakeholders were engaged throughout the development of the business case including:
- London Councils' Executive, Leaders' Committee and Lead Members;
  - Society of London Treasurers;
  - Local authorities (children's social care and youth offending teams);
  - Central government (Department for Education, the Mayor's Office for Policing and Crime, OFSTED, Ministry of Justice);
  - Clinical experts and practitioners within the field of children's services and health;
  - Third sector organisations delivering children's services and
  - Children and young people with lived experience of SCH.
- 4.3. The proposed provision will be designed specifically for London, with purpose-built accommodation. This will reduce the risk of beds needing to be held vacant after a high-risk child is placed there in order to maintain a safe environment. The provision is being designed with co-located step-down facilities with wrap-around support, which is an innovative approach to supporting the children post-placement. This will enable a smoother transition and a return to the family or to the most appropriate long-term placement that will meet the child's needs. This will also prevent use of emergency placements following a 72-hour placement in secure, when the local authority may not have enough time to identify best next placement or prepare child and family for safe return home. This can lead to placement breakdowns or return to care, which incur avoidable costs and impact detrimentally on outcomes for the child.
- 4.4. The business case to address the need for Secure Welfare Provision, considered a range of options as listed below –
- Do nothing
  - One small Secure Children's Home (8-12 places)
  - One large Secure Children's Home (20-24 places)
  - Two small Secure Children's Homes (8-12 places each)
  - Enhancing existing resource
  - Specialised community team
  - Step-down facility
  - Specialised open facility
- 4.5. These were evaluated through stakeholder engagement and assessment against the following criteria –
- Impact on early intervention and prevention
  - Accessibility of a secure placement
  - Continuity of care and relationships
  - Care and education in the placement
  - Transition from secure to community
  - Value for money
  - Initial investment
  - Deliverability

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- 4.6. This options analysis has led to the recommendation for Secure Welfare Children's Homes provision for London with capacity for 24 placements, alongside facilities for step-down accommodation and support to support the children after placement. The key reasons are summarised below –
- Provision for 24 places would meet the demand in London
  - Step-down provision would enable better exit planning and work to take place to support children and young people within the community, reducing the likelihood of repeat placements in secure welfare
  - Step-down facilities will enable more holistic support to be provided to prevent unnecessary transitions into secure provision for children and young people on the edge of a secure placement
- 4.7. The following options were rejected for the reasons given:
- Enhancing existing resource - rejected due to the complexity of allocating resource to disparate CAMHS, social care and YOT teams across London and the lack of a joined-up approach across London.
  - Specialised community team - rejected due to the risk of duplicating the role of Community Forensic CAMHS teams and fragmenting care pathways.
- 4.8. In February 2022, DfE confirmed the funding to take a proposal forward for Secure Children's Home provision in London with 24 places, alongside step-down provision. The step-down provision will provide for much improved transition after placement. Over £3 million has been allocated for development, with capital of over £50+ million expected subject to completion of the development phase. The development funding is currently being held by the London Borough of Barnet on behalf of all London local authorities. DfE is reviewing progress against gateway milestones, one of which is the commitment of local authorities in London. This report seeks that commitment.
- 4.9. The DfE development grant will cover the PLV's costs during the development period, therefore local authorities will not be required to make a financial contribution to the running of the PLV until the SCH provision launches. During this development phase, PLV members will work collaboratively to agree how the SCH provision will be run and managed. This includes:
- developing and approving the pricing strategy and revenue model for generating financial income;
  - developing the practice model and operating model including but not limited to:
    - the approach to working with children, young people and their families,
    - safeguarding and risk management arrangements,
    - quality assurance arrangements,
    - the commissioning approach / staffing model,
    - the process for managing referrals and placement allocation.
  - Inputting into and approving a refreshed business case which will
    - revisit and update the 'case for change',
    - provide up to date and well-developed costings, informed by the final model of practice and operating model,
    - identify the benefits that will be delivered by the new model (financial and non-financial),
    - consider the most suitable route for appointing a service provider.

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- 4.10. During the development period, member local authorities will also explore alternative models for covering the cost of running the PLV that does not require annual subscription.

## 5. Proposed legal vehicle to share risks and benefits

- 5.1. The following models were assessed to determine the best approach for risk-sharing, commissioning and oversight of the new provision:
- A lead London local authority
  - An existing pan-London entity
  - A new pan-London entity
  - Joint venture with a third party
- 5.2. Following analysis and evaluation of the risks and challenges of each option it is recommended that the Pan-London Vehicle is structured as a new legal entity allowing the new provision to be jointly owned and managed by London local authorities as the risk of investment and operating costs is too great for any one local authority. This new Pan-London Vehicle will manage the commissioning and oversight of the new provision, so the benefits and risks are shared across local authorities. It also means that all member local authorities will be on an equal or close to equal footing in decision making.
- 5.3. The following options have been considered as the legal basis for setting up an running the PLV:
- Company Limited by Shares
  - Company Limited by Guarantee
  - Limited Liability Partnership
  - Charitable Status
  - Community Interest Company
- 5.4. Following expert legal analysis of these options, their recommendation is that the PLV should be established as a Company Limited by Guarantee. This enables joint ownership, with limited liability and any profits being held within the Company for future provision.
- 5.5. The PLV will be hosted in a larger organisation as it will comprise a small number of staff. The key options are for it to be hosted in the London Borough of Barnet as the current fund-holding body or to be hosted in the local authority where the new Secure Children's Home is located, which is yet to be finalised. The location of the PLV will be agreed after the location of the Secure Children's Home has been finalised.
- 5.6. Tax implications for the agreed structure will need to be fully understood, so as to avoid unnecessary VAT consequences.
- 5.7. The legal basis, membership and decision-making processes are set out in more detail in Appendix 1.

## 6. Finance and resources

- 6.1. The development costs (c£3 million) and the capital costs (c£50+ million) will be provided by Department for Education, subject to completion of agreed project milestones. This is a significant investment in provision for London's most vulnerable children which will be secured for London with the commitment of London local authorities.

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- 6.2. The total annual cost of placements at Secure Children's Homes that the new provision would replace was estimated in the original business case (2019 figures) as £7.8 million per annum. The new provision overseen by the PLV has an estimated cost of £7.5 million (2019 figures), based on the original business case – note that these costs have not been adjusted for inflation. See Appendix 2 for inflation adjusted financial modelling.
- 6.3. Further, there are additional financial benefits as outlined below –
- Reduction in staff travel time to out of region Secure Children's Homes
  - Reduction in staff time sourcing placements
  - Reduction in secure transportation costs
  - Reduction in use and cost of unregulated/bespoke provision, often sourced at short notice and at extremely high costs
  - Potential for the PLV to gain a share of any margin achieved and consequently reduce the cost of membership
  - Potential further savings through other joint commissioning projects
- 6.4. The full business case will be revised and updated following site confirmation and local authority confirmation of participation. In the meanwhile, the costs have been updated using the Consumer Price Index (CPI) and evidence from London local authorities, with summary modelling in Appendix 2.
- 6.5. The financial commitment by each local authority is £20K per year (payable only once the provision has launched) from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2028 for the operating costs of the PLV, with an opt-out facility after three years, informed by the revised business case, detailed model and confirmed location. Additionally, each participating local authority will share in the risk and benefits of operating the Secure Children's Home provision estimated to be £8 million per year (adjusted from 2019 for inflation). As demand for provision exceeds the capacity of the new London Secure Children's Home provision, the risks are minimal and the benefits across London are significant. A range of scenarios are modelled in Appendix 2, setting out the financial impact in each case.
- 6.6. Provision at Secure Children's Homes costs between £7k and £10.5K per week, based on sample London data. Where Secure Children's Home provision is not available, alternative provision is very costly, typically £12k+. Nationally, the Association of Directors of Children's Services (ADCS) has highlighted more than twenty local authorities paying £20K+ per week (equivalent to £1m per year) and one example of a local authority paying just under £50k per week (equivalent to over £2m per year). Some London local authorities have no children on Secure places currently, but these are very significant costs even if only experienced once every few years.
- 6.7. For this report, the operating costs of the new Secure Children's Home, plus transport costs and the running costs of the PLV are compared for a range of occupancy levels and placement fees. The modelling is conducted for a three-year period as initially commitment is sought from local authorities for five years, two years of which are planned as set-up and three years as the initial operating period. Commitment will then be sought for each subsequent five-year period. Four scenarios for occupancy levels are considered:
- 100% occupancy
  - 90% occupancy
  - 85% occupancy
  - 50% occupancy in Year 1 followed by 85% in Years 2 and 3
- 6.8. Three levels of placement charges are considered based on the sample London data

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referred to in section 4.6: £8250 per week as the mid-point of current Secure Children's Home Charges; £10,000 per week; and £12,000 per week, with the latter recognising this provision will replace some very costly alternatives.

- 6.9. The modelling also considers via a graph the placement charge for a variety of occupancy levels, enabling implications of the full range of occupancy to be viewed from 100% down to 60%. All modelling allows a 10% margin for the provider, although provider costs would be expected to be determined competitively through procurement.
- 6.10. The modelling demonstrates most scenarios generate a surplus to support future provision. The risk of the lower occupancy scenarios being realised is low as there is a shortfall of provision nationally so places could be taken up from outside London if agreed. It is proposed that provision would be prioritised for the London local authorities which have opted into membership.
- 6.11. Placement costs will be funded by individual local authorities using budgets currently deployed on children's placements and from the modelling are expected to be less than current costs. Placements for London local authorities which opt to be members will be charged at cost, whereas other London local authorities will be charged a higher fee, for example to cover the cost of voids, with all surplus income supporting future provision.
- 6.12. As owner of the provision, the PLV (and thus member local authorities) will have more control over the pricing structure and will be able to reduce the wide variation in charges that can arise within very short timeframes. This will significantly provide more transparency in costs and pricing.
- 6.13. The PLV member local authorities will lead the strategic development of the provision and have scrutiny over the quality of the service delivery through the quality assurance part of the commissioning arrangements. Improved quality of provision will lead to better outcomes for children and reduced future costs from repeat placements and other support.
- 6.14. The PLV will also be developed with the potential for wider joint commissioning in future. This will enable collective action to address significant financial pressures and shortfalls in provision for children, particularly those needing high-cost low incidence provision. Further the PLV will enable joint pan-London market intelligence and market shaping, including developing new private, voluntary, independent and local authority provision.

## 7. Benefits and risks

- 7.1. There are clear benefits for London local authorities joining the PLV for commissioning and the joint development of Secure Children's Home provision for London. The key advantages are highlighted below:
  - Development of secure provision in London increasing capacity locally and reducing the overall national shortfall in provision
  - Local provision for children with accompanying step-down arrangements will improve outcomes and reduce cost of future provision
  - Reduced staff travel time to meetings and visits and reduced transport costs
  - Reduced reliance on private care placement market and high-cost provision
  - Priority access to the provision
  - Access to provision at cost, whereas others will be charged a higher fee, to include cost of voids etc.
  - Opportunity to shape the future Secure Children's Home and step-down provision and be part of ongoing governance

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- Opportunity to be part of wider joint commissioning through the PLV in future such as addressing the shortfall in high-cost low incidence provision.

7.2. There are risks associated with joining the vehicle and oversight of the London Secure Children's Home, which are highlighted alongside mitigating actions in the table below

Risk	Mitigating action
Failure to achieve expected occupancy levels leading to significant revenue loss	The shortfall in provision in London and nationally makes this a very unlikely risk, although it could be experienced temporarily such as in the initial operating period or other scenarios highlighted below. Lower occupancy in the initial operating period has been modelled. Governance, management oversight, and adequate levels of experienced staff will be key to ensuring good occupancy and these are built into current plans. The PLV and London provision will work closely with the central SCH co-ordination unit to proactively sell places to UK local authorities at a cost that will recover the loss / potential loss of revenue.
Unsatisfactory outcome from statutory inspections	Recruitment of experienced Registered Manager and other managers with experience of managing a similar provision. Regular monitoring and quality reviews will reduce this risk. Robust management and swift turnaround would be required if an inspection was less than satisfactory.
Child serious injury or death	Robust risk management policies, procedures and training. Strong practice model, safeguards, rigorous performance reviews and effective oversight, with experienced managers and staff who will be in place to minimise this risk.
Temporary closure of the provision or changes to its registration conditions that limit the full use of places – in response to safeguarding or child protection concerns	Ofsted use enforcement powers proportionately and there are a range of options open to them before the closure of a provision. Closure happens only in exceptional circumstances.  Mitigation actions include robust safeguarding and child protection arrangements, policies, and training; recruitment of suitably qualified staff and robust quality assurance and monitoring arrangements.
Permanent closure of the provision	Ofsted use enforcement powers proportionately and there are a range of options open to them before the closure of a provision. Closure happens only in exceptional circumstances.

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	<p>Mitigation actions include: robust safeguarding and child protection arrangements, policies, and training; recruitment of suitably qualified staff and robust quality assurance and monitoring arrangements.</p> <p>In the unfortunate and unlikely event that permanent closure happens robust business continuity arrangements will outline the steps to be followed with regards to children placed at the provision.</p> <p>Should the PLV be wound up: PLV members will agree to be liable for the debts of the PLV up to a nominal amount e.g., £1. Prior to the launch of the PLV, members will agree, with legal advice, what will happen to the SCH and other related assets and this will be included in the articles of association.</p>
<p>Adverse publicity/Reputational damage from failure of the centre linked to the above or other factors</p>	<p>Proactive communications, strong practice model, safeguards, rigorous performance reviews and effective oversight, management and staffing will be implemented to minimise this risk.</p>

## 8. Progress to date

- 8.1. The business case for new provision has been developed, including evidence of need, by London local authorities, with Health and the Mayor's Office for Policing and Crime (MOPAC).
- 8.2. In response to the business case developed for an SCH in London, the Department for Education has allocated c£3m of development funds, with c£50m+ of capital funding subject to progress in against key milestones.
- 8.3. A Secure Children's Home and Community Project Steering Group has been established, comprising London Directors of Children's Services, together with Health, Mayor's Office for Policing and Crime (MOPAC) and the Department for Education. This group is providing oversight until the formation of the proposed Pan-London Vehicle.
- 8.4. A site search has been conducted, based on the statutory criteria for a Secure Children's Home. From a long list of over 400 sites initially considered, two preferred options have been identified, one of which is being taken forward first for more detailed assessment.
- 8.5. A practice model for the provision is being developed by a multi-agency group which will provide an innovative approach to working with children, young people and their families / networks.

## 9. Commitment sought

- 9.1. The support of London local authorities is required in order to secure the capital funding from Department for Education, which is estimated at £50+ million.
- 9.2. Commitment is sought for a five-year period, 1 April 2023 to 31 March 2028, with a

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breakpoint after three years after the refreshed business case has been developed, as well as the service pricing structure, commissioning approach, operating model, practice model and the SCH's location is confirmed. Thereafter, commitment will be sought for ten-year periods, with breakpoints every five-years.

- 9.3. To cover the running costs of the PLV, the financial commitment from each local authority is £20k per year, subject to inflation adjustment and payable only once the provision has launched. This is unless an alternative model for funding the PLV, that does not require an annual subscription, is agreed by members during the development phase.
- 9.4. Commitment is sought to participate in joint commissioning arrangements.
- 9.5. It is recommended that the decision to proceed after three years is delegated as appropriate within the local authority and in consultation with the Director or Finance and Council's Monitoring Officer.

## 10. Next steps

- 10.1. Following decisions by London local authority Cabinets or equivalent decision-making bodies across London, the Pan-London Vehicle will be formed as a legal entity with members from the London local authorities who have agreed to opt in.
- 10.2. Subject to a sufficiently large number of London local authorities opting in, then the development of the London Secure Children's Home will proceed, with planned opening between 2025 and 2026.
- 10.3. Following revision of the business case, local authorities will be asked to confirm their commitment for the remainder of the five-year period based on the commitment in principle sought in this paper. At this stage, it will be possible for local authorities to opt out, but this is considered unlikely as risks are low given the demand for provision.

## 11. Consultation

- 11.1. There has been wide consultation on the proposals outlined in this report to ensure it accurately reflects the aspirations and priorities of London local authorities. The groups that have been consulted are outlined in paragraphs 2.1 and 2.2.
- 11.2. Consultation with relevant groups will be ongoing throughout the development phase and this will include engagement, consultation and coproduction with children, young people and their families as appropriate.

## 12. Recommendations

Cabinet is recommended to agree that Lewisham Council:

- 12.1. Becomes a member of a not-for-profit company, limited by guarantee, provisionally to be known as the Pan London Vehicle, to:
  - a. develop and then oversee the running of London's secure children's home provision for a five-year period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2028, with a break-point after three years once the refreshed business case has been developed as well as the service pricing structure, commissioning approach, operating model, practice model and the SCH's location is confirmed. Once the provision has launched, membership will be at a fixed annual cost of £20K (subject to inflation adjustment), unless an alternative model for funding the PLV,

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that does not require annual subscription, is agreed by members during the development phase and

- b. collaborate with other PLV members on future joint commissioning programmes.
- 12.2. Commits in principle to joint oversight and risk/benefit sharing of the secure children's home provision, through the PLV, for a five-year period to 31<sup>st</sup> March 2028 (with three-year break point), that includes the build, service development and service commissioning phases, subject to ratification after the revision of the SCH business case, and renewable on a ten yearly cycle thereafter, with break-point after five years.
- 12.3. Delegates authority to Executive Director of Children & Young people's service in consultation with the Director of Finance and the Council's Monitoring Officer to:
- a. finalise the legal documents required to set up, join and run the PLV,
  - b. make the final determination on the Council's membership of the PLV, following completion of the revised SCH business case and, if appropriate, enter into all the legal agreements, contracts and other documents on behalf of the Council required to implement and run any aspect of the PLV arrangements,
  - c. to exercise the break clause as described in paragraph 9.2 and
  - d. to continue the membership of the PLV beyond March 2028.

### **13. Financial implications**

- 13.1. With respect to revenue, the average cost of a secure placement can range from circa £10k upwards, therefore 1 placement could average £500k plus associated costs e.g. transport. As part of this project 24 places will be available to be used by the partners that sign up to the agreement the report is an "intention" report to be part of the agreement and therefore influence the development of the accommodation and governance on the use of the asset, at this stage a maximum commitment of £20k. The development will take potential two years to be up and running. The day to day costs would be expected to be funded as part of the charging policy for the 24 units. The report further seeks delegation to the Executive Director of Children's Services to progress next stages appropriate updates will be provided to members as the project commences.

### **14. Legal implications**

- 14.1. The recommendations in this report will assist the Council to comply with its duty under the Children Act 1989 to provide accommodation for children in need which in some instances extends to the provision of secure accommodation. Section 111 of the Local Government Act 1972 authorises the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The Council therefore has sufficient powers to enter into the PLV as recommended.
- 14.2. Appendix 1 (which was provided by Barnet Council as lead on the establishment of the PLV) sets out the proposed governance structure for the PLV. It is proposed that there will be a formal Joint Committee and a company limited by guarantee. Each joining council will be a member of the Company and will appoint Directors to the board of the Company. Agreeing terms of reference of the Joint Committee and appointing directors to the company and elected members to the Joint Committee, will require further

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approval in accordance with the Council's constitution.

- 14.3. The PLV will be set up in such a way so as to take advantage of what is known as the "Teckal" procurement exemption which is currently contained in Regulation 12 of the Public Contracts Regulations 2015 (similar provision is likely to be included in the new Procurement Act which is anticipated to come into force at some point in 2023). In order to rely on this exemption the following conditions must be satisfied: (a) the Council must exercise jointly with other participating councils a control over the PLV which is similar to that exercised over their own departments; (b) more than 80% of the activities of the PLV must be carried out in the performance of tasks entrusted to it by the participating councils; and (c) there must be no direct private capital participation in the vehicle. Furthermore, the participating councils will be required to (i) jointly exercise a decisive influence over the strategic objectives and significant decisions of the vehicle; (ii) the board of directors comprises representatives of the PLV's participating councils; and (iii) the PLV must not pursue any interests contrary to those of the participating councils.
- 14.4. The UK Subsidy Control Act 2022 will come into force on 4th January 2023. Any subsidy provided after 4th January 2023 will be subject to that Act. The definition of subsidy includes 'financial assistance' which effects 'competition or investment' in the UK or between the UK and other countries. The service is not one that is necessarily commercial in nature and is unlikely to affect competition. However, this will need further consideration once further details about any financial assistance is known and the Act is in force.
- 14.5. Any legal agreements to be entered into in relation to the establishment of the PLV must be approved by Legal Services on behalf the Director of Law, Governance and Elections.

## **15. Equalities implications**

- 15.1. These proposals are aimed at improving a range of outcomes for Lewisham's most vulnerable children and young people, including health and education. The current arrangements for secure welfare provision are exacerbating poorer outcomes for this group, particularly those from Black and Minority Ethnic (BAME) groups who, based on Pan-London analysis, are overrepresented in secure welfare provision.
- 15.2. As well as securing better outcomes for Lewisham BAME children and young people, a new London based SCH provision will help address the racial disparities and issues relating to their overrepresentation in secure welfare provision.
- 15.3. In partnership with other London local authorities, the Council will design the SCH provision, and any other services developed and managed through the PLV, to ensure the specific needs of Lewisham children and young people are taken into consideration.
- 15.4. As part of the work to develop the new SCH provision and other PLV services, an Equalities Impact Assessment will be undertaken to consider the impact of these services on children, young people and their families, in terms of protected characteristics.
- 15.5. Any consultation responses received as part of the EIA that raise matters related to equalities, diversity and inclusion will be addressed in the final service delivery model and kept under review, this includes any impacts to staff.

## **16. Climate change and environmental implications**

- 16.1. There are no direct climate change and environmental implications arising from this

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report.

## **17. Crime and disorder implications**

- 17.1. There are no direct climate change and environmental implications arising from this report.

## **18. Health and wellbeing implications**

- 18.1. It is anticipated that usage of a secure home closer to family and community ties will improve the health and wellbeing of children and young people.

## **19. Report authors and contact**

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## **20. Appendices**

Appendix 1: PLV legal structure and membership  
Appendix 2: Financial modelling of the SCH and PLV

## **21. References**

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<sup>i</sup> [WWCSC Unlocking the Facts SCH technical report Dec2020](#)

<sup>ii</sup> [Secure children's homes – helping the most vulnerable children - Ofsted: social care](#)

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