



Mayor and Cabinet

Capital investment to develop provision for children with complex mental health needs and challenging behaviour 2025-29.

Date: 29 January 2025

Key decision: Yes

Class: Part 1

Ward(s) affected: All

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Outline and recommendations

On the 18th September 2024, Mayor and Cabinet agreed to recommendations for the development of three residential homes in the borough and other associated permissions to allow the work to commence (see Appendix A).

Subsequent to this agreement, the Department for Education has announced their commitment to support children with complex mental health needs and provided the opportunity to bid for funding to support the development of residential spaces for this specific cohort of children.

The proposal from the Department of Education supports our ambitions to develop our in-house capacity for residential homes and accordingly Mayor and Cabinet is recommended to approve:

- 1.1. The decision to submit a bid for funding to the DfE Capital investment to develop provision for children with complex mental health needs and challenging behaviour 2025-29.
- 1.2. In the event the the bid is successful, previous agreed funds from the disposal of assests to be utilised to Phase two and three (as funds permit).

Timeline of engagement and decision-making

Indicative timeline for the children's homes capital programme:

Milestones	Dates
DfE Programme launch: Information for applicants circulated	1 November 2024
Deadline for all applications	28 February 2025
Notify applicants of outcome	From 24 April 2025
Grant letters issued to successful bidders	May 2025
DfE funding ends	31 March 2029

1. Summary

1.1. In September 2024, Mayor & Cabinet were informed (see Appendix A):

- i) 'Rising numbers of adolescents with acute and profound social, emotional and mental health needs require high intensity care placements, often in solo placements because of the risk of harm they pose to themselves and others. On average we have 12 children at any one time, who need to live on their own because of their complex needs. It has become increasingly difficult to source placements for these children and costs have significantly increased. Most of these placements are bespoke unregistered arrangements, although officers continue to seek a registered placement for such children.
- ii) 'We are currently entirely dependent on the external market to provide registered children's home placements and on occasion must procure an unregistered home when an Ofsted registered provision cannot be secured. Whilst these unregistered placements have robust management and family

court oversight, they are not legally permitted and they are significantly more costly. Furthermore residential care placements are mostly outside the Council boundary, creating further disruption to the child, making the provision of care and services to the child and transition back into the family and/or local community more challenging.

- iii) 'Local and Council run services create a more favourable, high-quality registered home and provide easier access for staff to meet the child's holistic needs alongside partner agencies, for example health and education. Currently none of the children in residential provision live in Lewisham _
- iv) 'It is proposed to develop a three staged incremental approach to creating an estate of 10 beds (with each stage taking on learning from the previous stage):

Unit	No. of homes	No. beds per unit	Total no. beds in estate	Phase of development
Unit 1, 2, 3	3	1-2	5	One
Unit 4, 5	2	2	4	Two
Unit 6	1	3	3	Three

1.2. Mayor and Cabinet approved the proposal to develop three separate residential children's homes in the borough, offering a maximum of 5 beds. The approved proposal included:

- i) Delegation of authority to the Executive Director for Children and Young People (in consultation with the Executive Director for Place) to award the refurbishment contract for the three proposed residential homes following the procurement process.
- ii) The commencement of the recruitment process for a Registered Manager to provide technical expertise to set up three children's homes and oversee the management of the three homes, submit a children's home registration application to Ofsted and draft policies and procedures required to run council owned childrens homes that meet regulatory requirements.
- iii) The commencement of the recruitment process to appoint the staff team for the three homes.

- iv) The addition of the refurbishment project for the three properties within the capital programme and the allocation of £307k of funding for this, funded by available capital receipts.
- 1.3. In November 2024, the Department for Education announced a new programme, 'Capital investment to develop provision for children with complex mental health needs and challenging behaviour 2025-29' (See Appendix B). This programme aims to develop provision which is designed to meet the specific needs of children i) with multiple, complex needs, ii) recognised to be a response to complex and ongoing trauma, iii) who have been, or are at risk of being, deprived of their liberty.
- 1.4. It is apparent that the DfE programme could support the current and emerging needs of the children in Lewisham and the earlier decision of Mayor and Cabinet to develop Council owned residential homes.
- 1.5. Applications to be part of the programme is open to all Local Authorities and the DfE will provide match funding to successful applicants up to a maximum of 50% i.e. DfE provides 50% and the local authority and/or consortium provides 50%. The DfE will accept current Local Authority owned property or land as part of this investment, however, Authorities will need to demonstrate clear evidence of the property's and/or land's value.
- 1.6. The DfE will accept application for projects that were already planned prior to the announcement of this potential funding, as well as application for new projects. In the case of projects which were already planned however, Local Authorities need to provide clear evidence of funding that has already been secured (as it is their assumption is that this funding will continue) and what the added funding and value would be if additional DfE funding was secured.
- 1.7. If a bid to the programme was submitted and successful, this would provide funding to Phase One on the Lewisham Children's Homes development project and allow the project to expand without delay into Phase Two, providing additional beds, using the funds from the disposal of assets as previously

agreed.

2. Recommendations

- 2.1. It is recommended that Mayor and Cabinet approve:
- i) The decision to submit a bid for funding to the DfE Capital investment to develop provision for children with complex mental health needs and challenging behaviour 2025-29.
 - ii) In the event the the bid is successful, previous agreed funds from the disposal of assests to be utilised by Phase two and three (as funds permit)

3. Policy Context

- 3.1. 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
- 3.2. In particular, this report is closely aligned to our priorities for Children and Young People.
- 3.3. This report supports our Corporate Parenting and care placement sufficiency duty. Under the Children's Act 1989 section 22G, the Council has a general duty to secure sufficient accommodation within the authority's area which meets the needs of children that the local authority looks after, and whose circumstances are such that it would be consistent with their welfare for them to be provided with accommodation that is in the local authority's area - 'the sufficiency duty'.
- 3.4. The provision of registered children's homes is consistent with the Council's

Corporate Parenting Strategy and Placement Sufficiency Strategy. One of the six key ambitions of our Corporate Parenting Strategy (2021 – 2024) is “This is my home”. We pledge that children in our care will know where they will grow up, they will receive good quality care, they will be supported to stay in the same place, and we will do everything we can to help them feel safe and secure. The Placement Sufficiency Strategy sets out what we will do to realise this ambition. It was developed in consultation with service leads, external providers, and importantly our care experienced children and young people.

4. Background

- 4.1. Children subject to a Deprivation of Liberty order (DoL) due to their mental health generally require high levels of care and supervision. A DoLs order can only be made by the Court of Protection. There are currently three Lewisham children who have a Deprivation of Liberty Order, that due to a lack of availability, are currently placed with an unregulated provider. None of the three placements are in Lewisham or London. The current highest cost of one of these placements is circa £17,500 per week.
- 4.2. Lewisham remains ambitious for our children and young people and has taken great strides to improve services and be at the forefront of change and development of services. Our success is evidenced in the recent Ofsted, HMIP and CQC inspections and also in the trust demonstrated to us by key stakeholders who wish to partner with us including the DfE in selecting us for the Families First Pathfinder Programme.
- 4.3. A successful bid for funding would allow the Authority to pick up the pace with some of the improvements we would like to design, develop and implement for our young people.

5. Financial implications

- 5.1. The Children and Young People’s directorate has been working towards creating in-house capacity for for high-cost children as part of a service

management action to reduce expenditure on Children's Social Care. The first scheme Amersham and Northover is expected to be ready for use from April 2025.

- 5.2. The Mayor and Cabinet report in September 2024 provided the business case behind the expansion of the council's in house provision. This report seeks permission to apply to the DfE for funding to pay Phase 1 of the programme and to transfer the previously agreed capital funding to phase 2 and 3 of the programme. The council will need to match the DfE's contribution which it can fund from capital receipts held by the council as agreed in the September 2024 report. Using the grant to fund part of these works is more advantageous to the council than using capital receipts, as there is much more flexibility on the use of capital receipts meaning this money can be freed up to be used in another area of strategic need.
- 5.3. The operational (including care) costs will be funded from the Children Social Care care costs budget. A comparison between the in house model and external care costs has identified a potential cost reduction of c£1.2m for a moderate/complex care provision over a 4 year period based on the estimates detailed in the September 2024 report.
- 5.4. If the grant bid is successful, the council will be bound to the condition set out in the grant determination letter. If the council were to break any of these conditions then there is a risk that the grant and any interest would have to be repaid to the DfE.

6. Legal implications

- 6.1. The Council has sufficient powers to apply for grant funding and enter into any resulting agreement as proposed in this report. Approval of any application for external funding which would either (i) require match funding from the Council in excess of £250,000, or (ii) have revenue implications in excess of that amount per annum, or (iii) exceed £1 million is a matter that is reserved to Mayor and Cabinet.

- 6.2. The DfE grant programme is open to local authorities to apply, to be eligible for funding the proposed scheme will need to comply with the eligibility criteria set out in the grant programme guidance.
- 6.3. The Council will be required to agree to and comply with the grant conditions if an application is successful. These conditions include the power of the DfE to clawback monies, suspend payments, and terminate the agreement early where grant monies have not been spent for the purposes set out in the grant, or if the project is unable to be completed within timescales. The grant conditions must be complied with to avoid the risk of grant funding being suspended or returned. Any terms and conditions of grant funding must be reviewed by Legal Services on behalf of the Director of Law and Corporate Governance prior to any agreement being entered into.

7. Equalities implications

- 7.1. If the proposal is agreed and the subsequent bid successful a full equalities impact assessment will be conducted as part of this programme.

8. Climate change and environmental implications

- 8.1. If the proposal is successful all building adaptations/improvements will consider the Building Research Establishment Environmental Assessment Method (BREEAM).

9. Crime and disorder implications

- 9.1. Council run homes based in the locality are anticipated to enable the service to better manage children and young people being engaged in criminal and sexual exploitation.

10. Report author(s) and contact

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11. Appendices

Appendix A: Proposed Development of Lewisham Residential Children's Homes

Appendix B: Guidance Document - Capital investment to develop provision for children with complex mental health needs and challenging behaviour 2025-29