

EXTENTION OF THE CHILDREN'S RESIDENTIAL ESTATE – Angus Council Residential Children's Services

Business Case – Updated November 2022



1. EXECUTIVE SUMMARY

1.1 This business case sets out the justification for investment in new Angus Council owned and managed children's residential houses. Expanding the children's residential estate will ensure more children and young people are cared for in Angus by reducing Council reliance on care placements in other local authorities. This will benefit Angus children and young people by improving their outcomes, and the Council by reducing care costs.

1.2 This document is in line with the *Angus Council Plan (2021-24)*, to keep spend local where it delivers 'best value'; and the commitment to ensure looked after children are 'close to their schools and communities'. It supports the priorities of the Council's *Corporate Parenting Strategy*, keeping children and young people 'within their local communities where that meets their needs'; and will 'Keep The Promise' for looked after Angus children.

1.3 The Council lacks capacity in Children's Residential Services to provide care for all Angus children who require residential care placements. Current demand is 200% more than Angus in-house resources. This means children are placed in out of authority¹ residential houses, distant from the connections with their friends, family, school, and local communities to get the care they need. This often results in poorer health, wellbeing and attainment outcomes.

1.4 Out of authority residential placements are generally more expensive than Council in-house placements. The average external placement cost is **£4,864** per week, as compared to **£3,838** per week for a new Council 4-bed residential. This presents a potential saving to the Council of **£1,026** per week, per placement. The use of external placements costs the Council more than is necessary and requires Angus resources to be spent outside the authority with the loss of wider benefits to local communities.

1.5 The economic advantages for Angus of a new residential service are tangible and significant. 15 local jobs will be created in the residential service team per children's house. Council capital investment in each children's house will also provide opportunities for local contractors during renovations and ongoing maintenance and upkeep.

1.6 The Council has the necessary skills and experience to effectively deliver a high quality and safe children's house as an addition to the existing Bramble Cottages children's houses, Logan and Rowan, which are now registered as separate houses, rather than under one umbrella service. The Care Inspectorate

¹ Out of authority – meaning external placements with private/ third sector partners in other areas of Scotland.

report that Angus in-house residential provision demonstrates '*major strengths which have a positive impact on young people's experiences and outcomes.*'² The house will provide the Council with more choices for matching children and young people which will contribute to a reduction in placement breakdown and associated poorer outcomes.

1.7 The Project will require £798,300 revenue per annum from 2023/24 and circa £750,000 capital investment to purchase a suitable property, for each children's house developed. A proportion of the budget could be offset by the significant savings derived from reducing costly external placements. Capital funding will be provided by the Council Housing Team.

1.8 **Recommendation of the Business Case:** the Council should invest in two new 4-bed in-house children's house. This will enable the Council to achieve best value by ensuring more children and young people remain accommodated in Angus, whilst also reducing residential care costs.

1.9 Business Case Structure

Section 1	Executive Summary
Section 2	Project Proposal <ul style="list-style-type: none"> ▪ Need/ demand ▪ Specifications ▪ Benefits ▪ Current Performance
Section 3	Project Justification <ul style="list-style-type: none"> ▪ Strategic Case ▪ Economic Case ▪ Management Case
Section 4	Financial - inc. indicative revenue costs
Section 5	Options Appraisal
Section 6	Conclusions/ Recommendations
Appendices	Revenue Budget/ Property review

1 PROJECT PROPOSAL

2.1 The purpose of this section is to demonstrate need and demand for an extension of the Council-run children's residential estate and the benefits it will

² Latest Inspection report, 2019

offer Angus. It details the residential specification required to meet children's needs, and describes the Children, Families and Justice residential team's track record of delivering high performing and safe children's residential care.

NEED AND DEMAND

2.2 Evidence of Need – As of February 2022 Children, Families and Justice support on average 800 Angus children per week with 35% of them being looked after. The Angus Chief Social Work Officer Annual report 2020-21 describes a range of relevant needs:

- Number of looked after children has increased from 238 in 2016 to 263 in 2021.
- 7.7% of these children and young people have had 3 or more placement moves. This is above the Scottish average of 5%.
- The number of Child Protection Orders granted in Angus increased from 12 during 2019-20 to 22 during in 2020-21

Children's Social Work Statistics³ evidence that:

- The number of Angus children on the child protection register is around 40 at any one time. With the main concerns being emotional abuse, domestic abuse and neglect.
- Attendance at school for care experienced young people is lower than average.
- Care experienced young people are more likely be excluded from school; are less likely to enter and sustain positive destinations after leaving school; and are more likely to become involved in the criminal justice system as adults.

2.3 Angus Children requiring residential care often have multiple disadvantages. These include behavioural issues, attachment difficulties, poor mental health, school issues, experience of poverty and offending behaviour. Covid restrictions have increased the vulnerability of some Angus children. It is widely reported that there has been increased prevalence and impact of domestic abuse during the pandemic. In January 2022, there were 19 children in external residential placements. 58% of these children could have been placed in our own resources if we had availability. 48% required more specialist provision including 32% who required an educational resource.

2.4 Due to a general shortage of fostering placements across Scotland more children and young people are being placed in residential care, therefore increasing the need for quality placements.

³ Scottish Government – March 2021

2.5 Due to a lack of capacity in internal residential and fostering placements in Angus, many children and young people are placed in external placements. They must move away from recognised beneficial bonds and connections with their family, friends and local communities to get the residential care they need. This means that not only do these children and young people suffer emotional and psychological pain of loss of connection, but they also must cope with changes of residence, school, carers and peers. Both often have a negative impact on health and wellbeing and can setback social and educational development and attainment.

2.6 **Evidence of Demand** – there is an increasing requirement in Angus for children's care including quality residential care placements. The number of Angus children needing care placements rose by 11.3%⁴ between 2016-20, with the biggest increase being in 2019-20.

'I have referred to the continued challenge of sourcing appropriate placements for children who cannot remain within the care of their own extended family... and (we) have externally commissioned placements on those occasions. Some such placements are not in the Angus area, and we recognise the negative impact that this can have on some children, regardless of the quality of the placement itself.'

Angus - CHIEF SOCIAL WORK OFFICER ANNUAL REPORT 2020/21

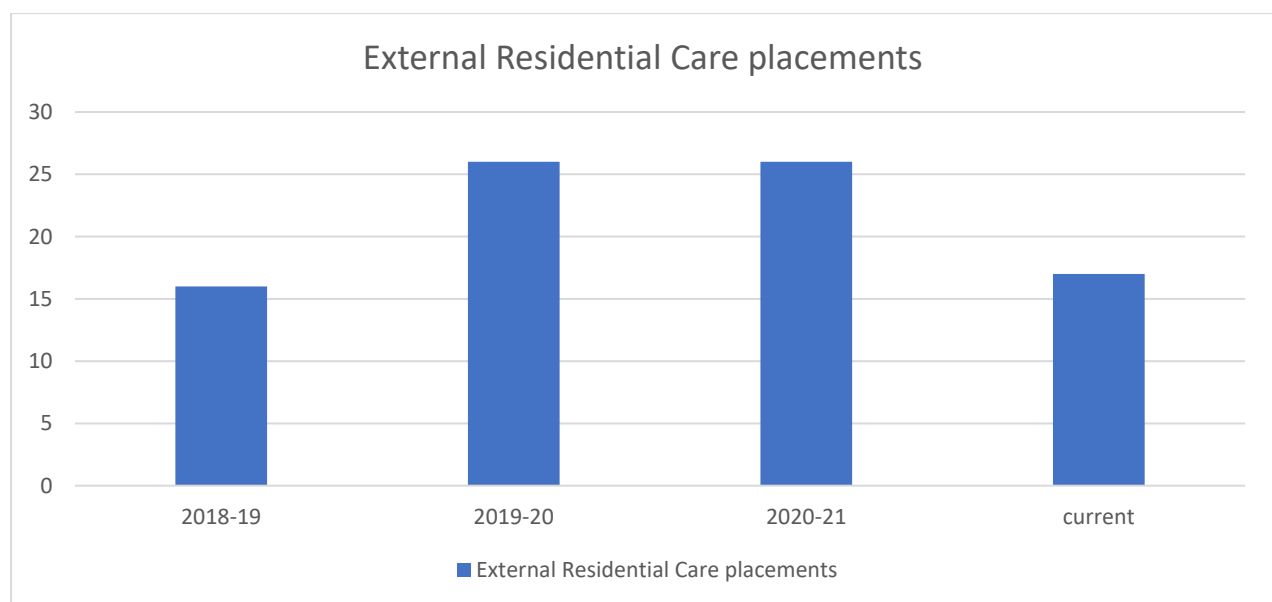
2.7 10% of Angus children and young people in care require to be accommodated in residential children's houses / schools due to their complex needs, lack of fostering placements and circumstances (currently 28 placements). The Council cannot meet this demand from in-house resources. Current capacity in the Council managed children's houses is for 9 children and young people. All additional children and young people are placed with external care providers in other Local Authorities to meet this resource gap (currently 19 placements – January 2022).

Council – children's residential capacity	Total CYP - requiring residential care (Jan 22)	Demand Gap (Filled by external providers)
9 beds	28 Beds	19 Beds

⁴ Children's Social Work Statistics – March 2021

2.8 Children, Families and Justice have undertaken significant work to reduce this demand gap by increasing early intervention and preventive family support. For example, implementing the Enhance Team and the commissioned 'Sustain' early intervention Family Support Service. Both services aim to keep families together and avoid children entering care. However, even with these resources there are some children who need specialist residential care and numbers continue to be greater than the Council's capacity to meet their needs.

2.9 The following graph highlights the use of external children's residential care between 2018-21.



The graph demonstrates that in 2020/21, the Council required 26 more external care placements than in-house resources could provide. As of 31 October 2022, the number of children and young people in external residential placements was 30 (including one young person in continuing care).

2.10 Future demand will be affected by the implementation of The Promise principles, which requires care providers to ensure relationships are at the core of care, and to limit the number of moves children and young people experience. This will increase demand for local Angus care placements as they will best meet the principles. Some capacity can be provided by external providers locating in Angus, whilst further Angus in-house capacity is required to meet children and young people's needs and deliver The Promise.

2.11 Continuing Care legislation, as set out in the Children (Scotland) Act 1995 (amended), requires Councils to ensure young people are afforded the opportunity to remain in a care placement until they turn 21. This has created further demand for residential care placements in Angus, as some young people in our children's

houses are eligible for continuing care and will want to continue to stay in their placement.

The position with regards to the use of external placements has significantly changed since January 2022, which are currently at an unprecedented level. This further evidences the need and options appraisal outlined with the Business Case.

CURRENT ANGUS CHILDREN'S RESIDENTIAL SERVICES

2.12 The Children, Families and Justice manages the following children's residential houses and supports:

- **Bramble Cottages** – are purpose-built premises located on the outskirts of Arbroath. This comprises two houses, Logan and Rowan, set within extensive grounds. Logan is registered to provide care for up to five young people at any one time and Rowan is registered for four.
- **Carseburn Road** – is a bespoke service, with a Team Leader and a similar staff complement as Logan and Rowan.
- **Strathmore Centre** – provides care and social work services to children and young people (aged 0–18 years) who have complex disabilities. The support offered can be varied and includes general information, referrals to other agencies, residential short break and day-care, outreach and group work programmes, and/or short and long-term work with children, young people, and their families.

NEW CHILDREN'S HOUSE SPECIFICATION

2.14 It is proposed that each new children's house will be 4 bedded, providing high quality, relationship based and specialist support for Angus children and young people. As indicated, Logan and Rowan collectively have 9 beds, and generally run at full occupancy.

2.15 The houses will operate the following model which aligns with Angus Council's strategic priorities and The Promise:

- Each house will provide **inclusive** accommodation for children and young people with social and emotional needs and those with disabilities.
- The living environment will be **codesigned** with care experienced children and young people
- Relationship-based placements will take account of children's developmental needs, will be **trauma-informed** secure-base care, safe, and strengths-focused.

- Children and young people will develop their full **social, emotional, and educational** potential
- Clinical **mental health** support available when young people need it
- Placements will promote and support **continued inclusion** with local education provision
- Care that delivers **best value** for Angus
- Decrease the % of accommodated children and young people requiring to be placed out with their **own communities**.

2.16 The new children's houses will become part of Angus Council's residential services and managed through existing organisational structures. Angus care experienced children and young people will be involved in designing the service and the house to ensure the care environment and support best meets their needs.

2.17 Each new building will be a minimum 6 bedrooms to accommodate four children, staff sleepovers and office space. Preference would be for a semi-rural Angus location to ensure suitable outdoor play space. Good transport links to schools and urban areas will also be considered, as will the local community to avoid community resistance to a children's house. Where possible, environmental needs will be considered to ensure the building is as green as possible. The Housing Service will advise on what can be achieved, for example solar panels and electric vehicles.

Appendix 2 provides a review of suitable opportunities, as of November 2021, when the initial scoping for the business case was undertaken.

BENEFITS OF EXPANDING THE CHILDREN'S RESIDNETIAL ESTATE

2.18 The proposed expansion of the children's residential estate will benefit children and young people, the Council and wider Angus communities. Children and young people will access a range of Council resources, which external providers cannot always offer. The Council will achieve revenue cost savings and Angus communities will benefit from direct investment of Council funds, rather than spend being exported to other Local Authorities.

Beneficiary	Benefits expected
Children, young people (CYP) and families	<ul style="list-style-type: none"> ▪ Children and young people stay close to their friends, family, and communities. ▪ Strong relationship-based support, delivered by Council workers who know the children and young people and are responsive to their needs. ▪ Children and young people continue to attend their schools and receive additional attainment support from the Council's Inclusion Team. ▪ Access to specialist Residential Social Workers

	<ul style="list-style-type: none"> ▪ More joined up support for children and young people with Angus Council Children, Families and Justice Health, Education and lifelong learning working together. ▪ Council residential staff ratios are generally higher than external providers, ensuring high quality support. ▪ Families and Social Workers have less to travel for visits to the children and young people.
Angus Council	<ul style="list-style-type: none"> ▪ Delivers Council's strategic priorities for looked after children and young people. ▪ Provides Social Work with more care choices for children and young people. ▪ Revenue cost avoidance / savings achieved from less expensive placements. ▪ Savings can be re-invested in early intervention and prevention services to stop more children and young people entering residential care. ▪ Council in control of costs increases – which it is not for external care providers.
Angus Communities	<ul style="list-style-type: none"> ▪ Council spend is kept in Angus, supporting the local economy and communities. ▪ Quality jobs are created and sustained in Angus.

CURRENT PERFORMANCE

2.19 All Council children's houses / services are performing well and receive high quality inspection grades from the Care Inspectorate.

2.20 **Logan and Rowan** houses offer quality and safe environments which promote good outcomes for children and young people and meet all statutory requirements. This successful model can be replicated for the delivery of a new residential.

2.21 The two houses generally run at full occupancy delivering positive destinations for young people. Over the period 2019-21 the following destinations were recorded for the 17 young people who left Logan and Rowan:

- 9 returned home
- 2 went on to independent living
- 2 entered permanent foster care
- 3 moved to alternative external residential care
- 1 entered hospital

This equates to a positive destination rate of **76%**.

2.22 The most recent Inspection Report (2019) for Bramble Cottages show *Very Good* and *Good* grades from the Care Inspectorate, with all suggested improvements having been taken forward. The following areas were evaluated (note - Care inspectorate grades use a 6-point scale, with 1 being unsatisfactory and 6 being Excellent):

How well do you support the wellbeing of children and young people? – **grade 5 (Very Good)**

How well is care and support planned? – **grade 4 (good)**

Young people's views of the homes include:

'Staff are good - they treat you well. They are respectful, respect privacy. I think they care.'
'I like all staff. I love some staff. They treat me well and they're really helpful.'

2.23 Carseburn Road recently received an unannounced inspection on 9 & 10 June 2022. It was inspected against Key Question 7, and specifically 7.1 "Children and young people are safe, feel loved and get the most out of life."

Within the Care Inspectorate report of 17 June 2022, Carseburn Road received **Grade 6 (Excellent)**, which is seen as 'sector leading'.

2.24 The Strathmore Centre was last inspected in December 2021. The service received *Very Good* quality grades.

How well do we support children and young people's wellbeing? **Grade 5 (Very Good)**

How well is our care and support planned? **Grade 5 (Very Good)**

The Care Inspectorate commented: *'We found that the service was very good at supporting children's health and wellbeing. The stable and skilled staff team had established meaningful, supportive relationships with children and their families over a number of years. This helped children to settle well and parents to feel confident in the care their child was receiving.'*

2.25 There is a continuing system of review of all Angus children's houses. This is undertaken by the Residential Manager with improvements driven by; inspection reports, audits and consultations with children and young people living in the homes, their families and professionals involved with young people. This is strategically overseen by the Service Leader (Resources) to ensure alignment with Council priorities. This evidence of quality management of the existing Angus children's houses can be used to ensure effective delivery of any new children's house.

2.26 In conclusion, there is evidence of local need and demand for new children's houses utilising the successful model of children's residential care provided by Angus Council. These services are delivering positive outcomes for children and young people. The benefits of the new children's houses are clear for children, young people and the Council through improved outcomes, costs savings and delivery of strategic priorities.

3 PROJECT JUSTIFICATION

3.1 The purpose of this section is to provide a clear rationale for the project, covering its strategic fit, positive economic case, sound financials, and robust governance arrangements.

STRATEGIC CASE

3.2 Expansion of the children's residential estate will deliver on key Council strategies, support the Council to 'Keep The Promise', and aligns to national priorities.

Delivering Council Strategies/ Priorities

3.3 The *Angus Council Plan (2019-24)* highlights the Council's responsibility to 'deliver the right services in the right place at the right time' for Angus citizens. The plan prioritises an increase in the achievement and attainment of looked after children and young people, and a commitment to keeping a minimum of **85%** of looked after children in Angus closer to their schools and communities.

3.4 This is strengthened by the Council's *Corporate Parenting Plan* which mandates the Council to deliver this 'closer to home' promise to looked after children and young people. The Plan commits the Council to addressing inequalities by securing stable and nurturing care environments for looked after children in Angus. The Council also pledges to looked after children and young people that:

We will find the best possible place for you to live that matches what you need and help you to stay in touch with people who are important to you.

3.5 The *Corporate Parenting Board Progress Report (2016-21)* engaged care experienced young people who reported a key concern was the number of placement moves they experienced (12% had 3 or more moves in a year). A key factor of placement breakdown is a lack of choice in residential care placements. New children's houses will help alleviate this concern.

3.6 The Council's *Finance and Change Programme (2019-24)* will invest resources in areas that improve outcomes for Angus citizens. It highlights that delivering change often requires financial investment to support the work required to make the change. Investment in new children's houses fits with this programme, both for delivering better local outcomes and for 'spend to save' considerations.

3.7 The project will meet the key objectives in the *Tayside Plan for Children, Young People, and Families (2017-20)*, including: improving outcomes for looked after children; securing stable, nurturing and caring environments in Angus; and providing high quality care and support ensuring children and young people are included within their local communities. Notably, the project will deliver on an important outcome measure of the *Tayside Plan*, namely:

Increase the % of accommodated children and young people placed within their own communities

3.8 The *Angus Council Plan – 2019/24* directs council funds where possible to be spent locally to help grow the economy. The plan also states, '*we will continue to buy locally where it offers us the best value to maximise the benefit to the economy as we emerge out of Covid-19 pandemic*'. Investment in new children's houses will create quality local job opportunities for Angus citizens and will ensure Council spend stays local.

Delivering National Priorities

3.9 The Promise⁵ requires care providers to create new approaches to supporting children and young people so that all Scotland's children grow up loved, safe and respected. Expansion of the children's residential estate will allow the Council to 'Keep The Promise' across a range of areas including:

The Promise Principles	New Residential will Keep The Promise
✓ <i>Services should be designed on the basis of local need.</i>	Being situated in Angus where the need is.
✓ <i>Relationships that are important to the child – All children must be supported to continue relationships that are important to them, where it is safe to do so.</i>	Keeping Angus children in Angus, close to their schools and communities, so that they can continue their relationships with friends / family.
✓ <i>Scotland must avoid the monetisation of the care of children and prevent the marketisation of care.</i>	The Council will make savings by using the new resource and reducing expensive external placements.
✓ <i>Scotland must make sure that its most vulnerable children are not profited from.</i>	The Council will reduce placements with private-sector providers who have a profit motive.

3.10 The *National Performance Framework* sets out strategic outcomes for Scotland which guide decisions and actions in local government. The Framework includes delivering outcomes: '*We live in communities that are inclusive, empowered, resilient and safe*'; and '*We grow up loved, safe and respected so that we realise our full potential*'. The project will deliver these strategies by enabling Angus children in care to be included in their local communities, and by improving their outcomes to ensure they reach their potential.

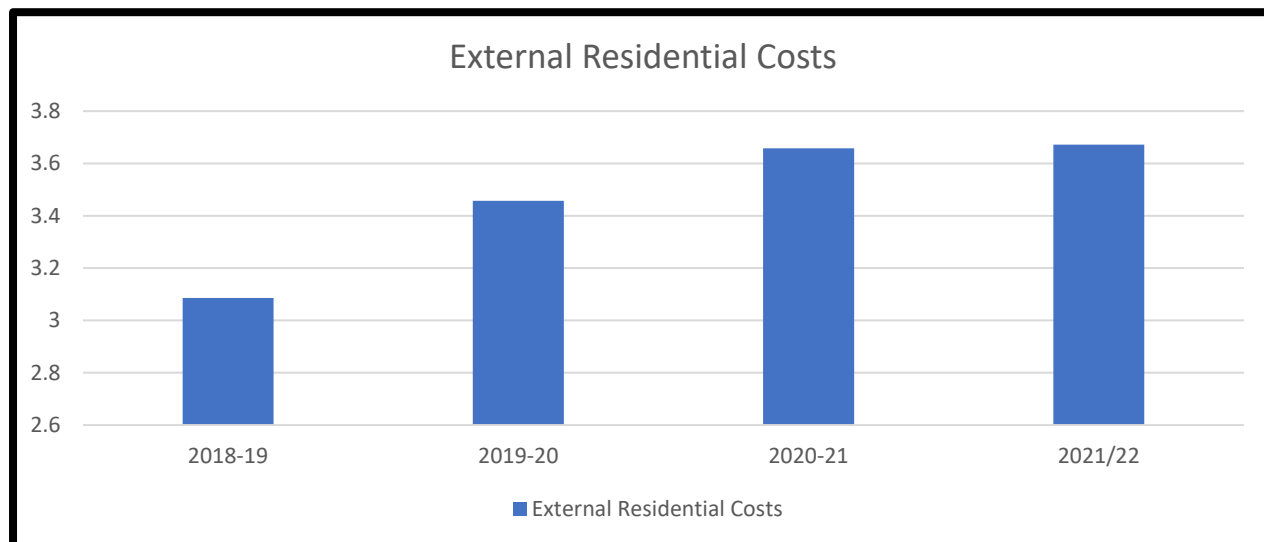
3.11 There is evidence that new children's houses will directly meet the Council's strategic priorities, including ensuring looked after young people can continue to live and grow in Angus, and that Council investment and resources are spent locally for the benefit of Angus communities.

ECONOMIC CASE

3.12 This section describes how expansion of the children's residential estate will deliver public value for Angus. It covers the savings that will be obtained from utilising an in-house residential instead of costly external placements; the opportunity to deliver best value; and the social and community benefits for Angus.

⁵ Responsible for driving the work of change demanded by the Independent Care Review.

3.13 Children’s Social Work statistics, (September 2021) state that in 2019/20, ‘Angus Council exceeded the Scottish Average for expenditure on Residential Accommodation placements’. This was due to the use of expensive external placements which cost the Council £3.658m in 2020/21. The following graph describes the increase in external residential care spend between 2018-21.



Spend has increased by **19%** between 2018-21. Expenditure in 2021/22 was £3.636k with a projection in 2022/23 to exceed £6m. These projections are based on provider feedback that external providers will increase their costs between 5-10% for 2022/23 and these costs will be passed on to the Council.

3.14 External residential placements used by the Council in 2021/22 have varied in cost from £3,332 to £8,435 per week (based on a number of factors including, matching suitability to needs, availability, specialism, size, location). The average spend on external placements per week is £4,864⁶. For a Council 4 bed children’s house the cost per week this is £3,505⁷. This difference in weekly cost is a clear financial saving for the Council as follows:

Current average cost external placement, per week	New residential cost - per placement, per week	Potential saving per week/ year (based on 4 beds – full occupancy)
£4,864	£3,838	Week: £4,104 Year: £213,408

3.15 The savings per week increase once a circa **10%** indirect cost is added to external placement costs. This figure is a reasonable assumption to cover Social

⁶ Average costs of external placements in June 2022

⁷ This excludes Council central costs which are met from existing budgets / at full occupancy

Worker productive time lost travelling outside Angus, increased travel costs and additional administration. The following list provides the distances from Angus of a selection of current external residential placements (October 2021):

Provider 1 – this requires a round trip of **204** miles from Angus House, Forfar.

Provider 2 – this requires a round trip of **190** miles from Angus House, Forfar.

Provider 3 – this requires a round trip of **88** miles from Angus House, Forfar.

3.16 Audit Scotland note in **Getting it Right for children in residential care (2010)** that *'The full cost of placing a child in residential care is not just the fee paid to the independent provider. It includes the indirect costs of all activity undertaken by social services and others... This includes care planning and reviews, visits by the social worker and family and any additional specialist resource required. Some of these costs can vary significantly, particularly if a child has a number of placement moves or where a placement is some distance from the council area.'*

3.17 If we add this 10% to the average external cost, then we achieve a full cost of:

- £4,864 + 10% = **£5,350 average external placement weekly cost**
- This is **£1,512** more expensive per placement, per week than the proposed Council residential.

This is the 'business as usual' cost to the Council if nothing is to change. By developing the children's residential estate, the Council will be 'investing to save' by reducing the ongoing costs of children's residential care.

3.18 There are also challenges in ensuring that the cost of residential placements offers Value for Money for Angus Council. The weekly fee for residential placements varies greatly and does not necessarily correlate to the quality of provision. Any addition to the in-house children's residential service will benefit from the Council's good governance and effective management of resources. This includes a clear focus on Best Value through continuous improvement activities, such as:

- Children and young people's participation in the design and delivery of the new residential and their ongoing feedback.
- Effective monitoring systems with regular evaluation and lessons learnt reports
- Clear control and accountability of service delivery
- Strong performance management directed by the Council
- Control of cost increases linked to Council pay awards / strategic priorities.

These are all areas that the Council has limited influence and control over when purchasing from an external provider.

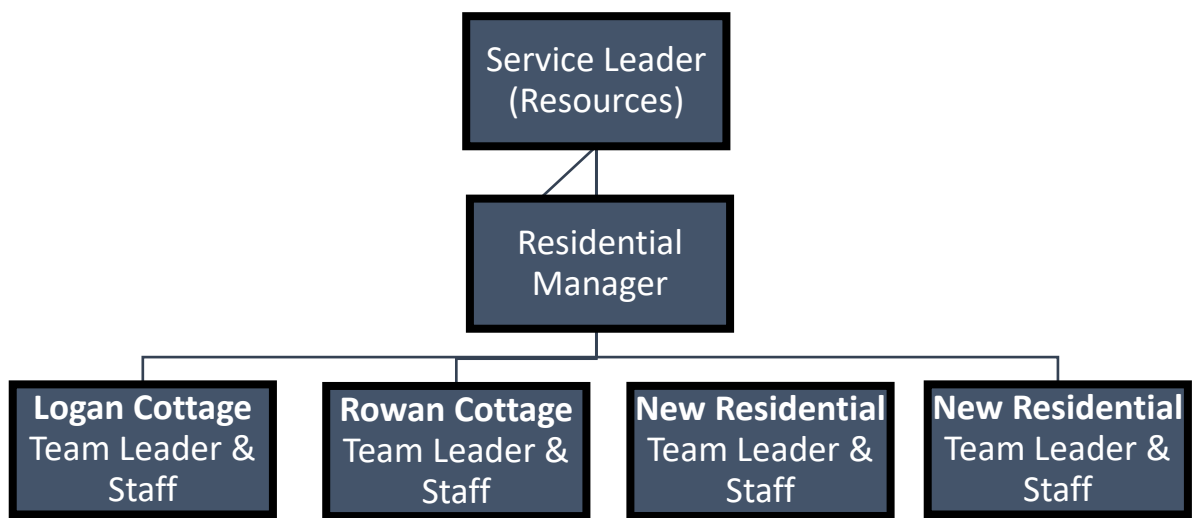
3.19 Children and young people in the new children’s houses will access the Council funded school Inclusion Service and specialist residential care Social Workers. These resources are not necessarily available to external placement providers. This lack of resource can affect looked after children and young people’s life chances, increasing risks of homelessness, of entering the criminal justice system, and of having poorer health and wellbeing outcomes. These poorer outcomes all have significant long-term economic costs for the Council.

3.20 The children’s houses offer various social and community benefits for Angus. These are significant and can be realised both from the capital investment, and the ongoing revenue spend. The purchasing and fit out the new property will ensure Council investment is benefiting communities through work for local businesses and contractors. The revenue costs (mainly staffing) will sustain existing, and create new, quality jobs for Angus. There will be other indirect benefits for the Angus economy, such as grounds and building maintenance contracts and supplying the children’s house.

MANAGEMENT CASE

3.21 This section reviews the structure of a new service, the skills and experience of staff, timescales for change and identified risks and mitigations. It demonstrates the Council’s ability to deliver an additional high performing residential service which will meet the quality of provision of external providers.

3.22 The new children’s houses will become part of the current children’s residential service (moving from 2 to 4 houses). It will share the existing experienced strategic and operational management structure. The full residential service will continue as part of Children, Families and Justice:



3.23 The new houses will work under the current management structure. This integration of staff into the Children's Residential services cluster provides advantages including:

- New staff can draw upon the breadth of skills of existing Council children's residential staff
- Achieves greater economies of scale to reduce costs such as training and development
- Staff can be moved between the houses for staff sickness / emergency cover
- Greater opportunities for staff development / promotion
- In some emergency situations, families and children benefit from short periods of 'time out'. Whilst our staff teams across Children, Families & Justice are on occasions able to respond to this, growing the Council residential team will provide the opportunity to respond and staff such situations on a more consistent basis. Thus, there is the potential cost benefit of utilising our staff resource in more flexible and innovative ways than we can currently

3.24 Staff will be trained to the Council's high standards to ensure compliance with legislation. Council children's residential training has been designed with input from the Educational Psychology team and from feedback from children and young people in Council care. It includes training in attachment, grief and bereavement, child development, and understanding nurture and the impact of early trauma.

3.25 Children, Families and Justice have set out indicative timescales for the development of the first of the new children's houses, in partnership with Housing Service colleagues.

Implementation activity	Indicative timescales
Present business case to Council	Summer 2022
Council budget approval for service	Autumn 2022
Budget approval successful	March 2023
Identify/ purchase property	April – Sept 2023
Fit out property	Oct – March 2024
Registration and Approval from Care Inspectorate	June 2024
Open of initial new children's house	July 2024

The existing and experienced Council children's residential management team will lead on the operational implementation of the service. They will create a full implementation plan, detailing each stage of the development. They will be supported in this task by experts from the Housing service (for property purchase and fit out) and other central Council functions such as Finance and HR.

3.26 Logan and Rowan houses have an experienced strategic and operational management team, and the service is achieving quality outcomes for children and young people. The team invests significant time in ensuring the right matching of children and young people to ensure stable and sustainable placements. As indicated, staff are trained in trauma-informed, secure based care to promote positive outcomes and stability in the home.

3.27 As noted, the Care Inspectorate recognise the quality of Bramble Cottages' management and provision (now Logan and Rowan): '*Overall, we found that Bramble Cottages demonstrated major strengths which had a positive impact on young people's experiences and outcomes.*' (Inspection Report, 2019). Stakeholder relationships are strong, particularly with Police Scotland via their engagement through the Angus integrated Children's Services Partnership Group.

3.28 The risks of an in-house children's house have been considered with mitigations presented below:

Risk	Likelihood (H,M,L)	Impact	Mitigations
Funding – revenue funding will not be granted	M	The project does not go ahead, and it is 'business as usual' through use of external placements	Savings from reductions in external provider use is higher than additional costs of new service.
Demand for placements – not enough placement requests to justify new resource	L	The service is not required.	Current and future demand projections show significantly higher placement number demand than Angus resources.
Care Inspectorate registration – if the Care Inspectorate decline registration, then the home will not be able to take placements	L	The service cannot be delivered.	Council has management expertise in registering care homes, and productive links with the Care Inspectorate. Early engagement will allow issues to be resolved promptly.
Community resistance – local residents / stakeholders may resist the home in their community	M	Potential negative relationships with stakeholders. This could cause delays to home	Housing team and Children's Residential management team will carefully plan location of home. Robust community

		development and costs increases.	/ stakeholder consultation will be undertaken.
Reputation – the risk to Angus Council is higher if there is evidence of poor practice	L	Negative publicity, lack of stakeholder engagement and greater scrutiny.	Experienced management and staff will ensure best practice. Robust internal oversight procedures are in place.

Governance

3.29 As a Corporate Parent, Angus Council has additional and specific statutory duties under the Children (Scotland) Act 1995 to safeguard and promote the welfare of the children in their care. This means that all agencies working in Angus including Angus Council, NHS Tayside, Police Scotland, Scottish Fire and Rescue, Scottish Children's Reporter Administration and others work together and are proactive in efforts to meet the needs of looked after children.

Internal

3.30 All placements made within the new children's houses will have to be agreed and signed off by the Manager (Residential), Children, Families and Justice. There is active involvement of children and young people where their care experiences and the quality of support they receive is regularly presented to the Corporate Parenting Board.

3.31 The Manager (Residential) will report to and receive monthly supervision and regular appraisals from the Service Leader (Resources). The Manager (Residential) will also undertake announced and unannounced visits to the children's houses.

3.32 Direct Project Assurance will be provided by an Oversight Steering Group consisting of key Council Stakeholders. The Steering Group will be established once budgetary approval has been achieved in autumn 2022. The Steering Group will meet every 2 months until the service is live, to review and ensure the capital development and the operational implementation are on track and meeting Council priorities. It will be chaired by a senior Council manager.

Governance – External

3.33 The Care Inspectorate will provide external governance of any new children's house. They will undertake regular inspections of the house to ensure that it meets the right standards. The house will not be able to open until the Care

Inspectorate have signed off that it meets the standards and provides a safe, high-quality environment. The Care Inspectorate will support the children's residential management and staff to continuously improve the service.

3.34 It appears that children's residential team have the necessary in-house experience and skills to implement and manage the development and expansion of the children's residential estate. If approved, then the Council will benefit from economies of scale and sharing of best practice to ensure a high performing, safe and stable service.

4. FINANCIAL

4.1 This section details the revenue and capital requirements of a new residential. The capital costs will be met by Angus Council's Housing Service.

Revenue Costs

4.2 The revenue cost for a new 4-bed children's residential house is £798,300 per annum (see **Appendix 1** for full budget breakdown). This budget includes all staffing and running costs for the service for a year.

Budget heading	Cost
Staff	£716,300
Property	£22,600
Transport	£11,300
Supplies	£48,100
Total	£798,300

All central costs of any new children's house will be absorbed by the Council including Finance, IT, Property and Management support.

4.3 The expected revenue of £798,300 will be sought from Council. However, the increase in revenue funding will be offset by the projected cost avoidance of £1,011,712⁸ per annum, gained by removing the use of up to 8 expensive external residential placements. This should deliver a net decrease in the overall children's residential care budget for the Council. This can be indicatively presented as:

New children's house revenue cost increase	£798,300
Reduction in 4 external placements (average cost avoidance)	£1,011,712

⁸ Based on a reduction of 4 external placements – using average cost saving per placement.

Net cost avoidance to Council residential care budget (indicative – per year)	£213,412
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4.4 The **£213,412** is the indicative financial cost avoidance the Council will obtain from each new 4-bed children's house, thus £426,824 for two houses. These figures are based on the most up to date Council financial information available. They do not take account of any changes that may occur between and beyond 2021, when the initial scoping was undertaken, and 2024, when the first children's house would be scheduled to open. They are based on achieving maximum occupancy.

4.5 Historically the Council's residential costs have not increased year on year to the extent of external providers. It can therefore be assumed that external providers prices will increase by a greater percentage than the Council's over the next 2 financial years (potentially 2 / 3 times Council increases). This would potentially result in even greater savings for the Council by de-investing in external placements in favour of a new in-house resource.

4.6 It is worth noting that the Council's children's houses generally run with higher staff ratios per child / young person than external providers. The costs listed above demonstrate a saving to the Council even when providing additional staff support time for children and young people.

Capital Costs

4.7 Angus Council Housing service will source, purchase and renovate the new children's house. This will require a minimum 6 bed home for a 4-bedded provision. Estimated cost circa £500k. The new property will become an asset on the Council's balance sheet.

4.9 For illustrative purposes, the following indicative costs are based on similar projects – basis for Housing service plan for a 4 bed children's house.

	Indicative cost	Detail
Property purchase	£500k approx.	See snapshot of suitable Angus properties in (Appendix 2)
Fit out / upgrade work	£250k for upgrade	This will include upgrading facilities; fulfilling Care Inspectorate / health and safety requirements; creating welcoming bedrooms / environments for the children; staff spaces including office / sleep over.
Survey and Planning fees	£10,000	This can be removed if provided in-kind by the Council.

Equipment	£10-15,000	Includes computers, phones, network devices, fire safety equipment
Care Inspectorate registration	£4000	
<u>Total Costs</u>	£750,000 - £780,000	Key factor being the cost of the new property. Property price inflation is currently high and uncertain in the short term.

5. OPTIONS APPRAISAL

5.1 There are three options to be considered for expansion of the children's residential estate. This is for the Council to manage the new homes; do nothing and proceed as 'business as usual'; or commission an external provider to deliver the service in Angus. The pros and cons of each option is detailed below.

Option 1 - In-house 4 bed children's houses

Pros	Cons
<ul style="list-style-type: none"> ▪ Council has control of the design, specification, and care quality in the home. ▪ Control over yearly cost increases / costs for additional supports. ▪ Children and young people remain in Angus with corresponding benefits. ▪ Children and young people's education needs are better met. ▪ Council Social Workers have existing relationships with the children and young people. ▪ Council staff can continue relationships with young people once they move on from care. ▪ Additional Council resources to support children and young people. 	<ul style="list-style-type: none"> ▪ Council is required to fund the capital cost – but will have a new asset on its balance sheet. ▪ Careful care planning / matching is required to prevent voids. ▪ There is a reputational risk if the service does not deliver quality outcomes / poor care. ▪ Council required to undertake work with the Care Inspectorate to keep quality grades high. ▪ A small percentage of external providers offer cheaper care placements than the proposed new Angus provision (although, the Council has no control over availability).

<ul style="list-style-type: none"> ▪ Council can deploy staff resource flexibly, to meet needs of children and families. ▪ Cost savings considerable by reducing external care placements. ▪ Wider benefits for Angus communities / local economy. ▪ The service is for the exclusive use of Angus children and young people. 	
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Option 2 - Business as usual – using external care providers

Pros	Cons
<ul style="list-style-type: none"> ▪ Council avoids the capital costs of a new residential. ▪ All Care Inspectorate reporting is borne by the care provider ▪ Council does not need to recruit, train, develop staff team. ▪ Council has no risks regarding service closure if it is no longer required. ▪ A range of providers available offering different specialisms. ▪ Small number of external providers are cheaper than proposed Council residential. 	<ul style="list-style-type: none"> ▪ Children and young people continue to be placed out with Angus with potentially poorer outcomes ▪ External placements are on average more expensive than Council in-house placements ▪ No control over cost increases / add on service requirements. ▪ Social Workers / family will need to travel further to visit children and young people ▪ Council spend continues to be spent external to Angus benefitting other local authorities ▪ Council has no control of service quality / standards. ▪ Different staff and management structure. Council has no control over staff training / skills. ▪ Cannot integrate provision with council added-value services ▪ Children and young people must move schools impacting education.

Option 3 - Commission external provider to manage new children's houses in Angus

Pros	Cons
<ul style="list-style-type: none"> ▪ Council can set the specification and expected quality / performance levels. ▪ Council sets the cost boundaries and controls price increases via contract terms. ▪ Set up and implementation undertaken by provider. ▪ Provider responsible for Care Inspectorate registration, monitoring and reporting. 	<ul style="list-style-type: none"> ▪ Council has to provide the capital for the home. ▪ No control over provision but can look to mitigate through terms of contract. ▪ Care planning and admissions would need to work well to prevent voids. ▪ Surplus / profit goes to provider rather than benefiting Angus communities. ▪ Resource needed to manage the contract and performance manage the provider. ▪ Different management and staffing to existing children's residential service – lose economies of scale, particularly extended staffing resource. ▪ External providers generally more expensive. Council price ceilings in tender may not be attractive to providers. ▪ Reputation risk. Council culpable if providers standards decline.

6. CONCLUSIONS AND RECOMMENDATIONS

6.1 Children, Families and Justice has the experience and skills required to deliver a successful children's house. The care provided by Logan, Rowan, Carseburn Road and the Strathmore Centre consistently achieves positive outcomes for children and young people. There is no obvious operational barrier as to why this would not be the case for developing new 4-bed children's houses.

6.2 It has been evidenced that keeping children and young people in their local communities, closer to friends and family relationships is beneficial for their development. It is also crucial that disruption to schooling is minimised. It is generally accepted that there is a correlation between school moves and poorer attainment. A new children's house in Angus will ensure more children and young people stay in Angus, within their local communities, in their schools, and maintaining their key local relationships. This will drive better outcomes for Angus care experienced children and young people.

6.3 The Care Inspectorate highly rate the Council's residential services for management and service quality. The Council's experienced residential management team will lead on the project's development, implementation, and delivery. This delivery team has the experience to mitigate the issues that arose during the establishment of the Bramble Cottages, such as poor matching and placement sustainability.

6.4 Any new Council children's house can be delivered more cost effectively than the average external placement cost. It will enable the Council to reduce its overall residential care costs and invest savings in alternatives such as early intervention. Expansion of the children's residential estate will keep Council spend in Angus, create and sustain local jobs, and benefit local communities and the economy. The houses purchased will create new assets on the Council's balance sheet, which should at least hold or appreciate in value. The capital funding will be identified by the Council's Housing service who will manage the purchase and fit-out.

The business case provides a reasonable return on capital investment over 60 years, because Children, Families and Justice will rent the property from the Housing Revenue Account at a rate that covers our revenue costs (both supervision and maintenance), whilst the Housing Revenue Account will still own the asset, which can be sold or re-modelled as required later down the line.

The 60 years period is quoted as that is the period over which we expect new supply HRA assets to be utilised for. This is not regarding the financial return specifically, rather is more in the wider business planning sense of the expected

lifespan of buildings. However, we also expect it to stack up over 30 years in line with core HRA business planning timescale. In short, the value of the asset will appreciate over time, and the initial outgoings required will be recouped from rental to balance out borrowing.

6.5 New developments need to meet the strategic priorities of the Council. A new children's house does this by delivering Angus Council's Plan to ensure the right services are available in the right places for local people; and ensuring spend achieves best value and where possible drives local Angus economic, social and community benefits. Critically, the project will deliver on the Council's Corporate Parenting and The Promise responsibilities to keep children and young people in care in their communities and schools where possible.

By helping to enable a safe environment for looked after children, close to where their family networks are located, we are helping to deliver more positive future outcomes. Children with a stable upbringing are more likely to develop better life chances, and thus be less likely to have chaotic lifestyles which often lead to relationship breakdown and then homelessness. Lower levels of homelessness will bring further financial savings to the Council and the wider public purse.

This Business Case demonstrates that it is possible for Angus Council to effectively develop and implement expansion of the children's residential estate.

RECOMMENDATIONS

1. That the Council proceeds with Option 1 – to expand the Council's children's residential estate. This will enable the Council to keep more children and young people in Angus and reduce residential care costs.
2. Council Housing Service to undertake a review of potential Angus properties and submit capital funding plans.
3. Care experienced children and young people to participate in the design and development of the new children's house during 2023/4. Including a series of events to capture their views so that new home meets their needs, and young people contribute to detailed accommodation specifications.
4. Project Steering Group set in March 2023 to provide oversight of the new children's house development and implementation.
5. The initial children's house to open in Summer 2024.

APPENDICES

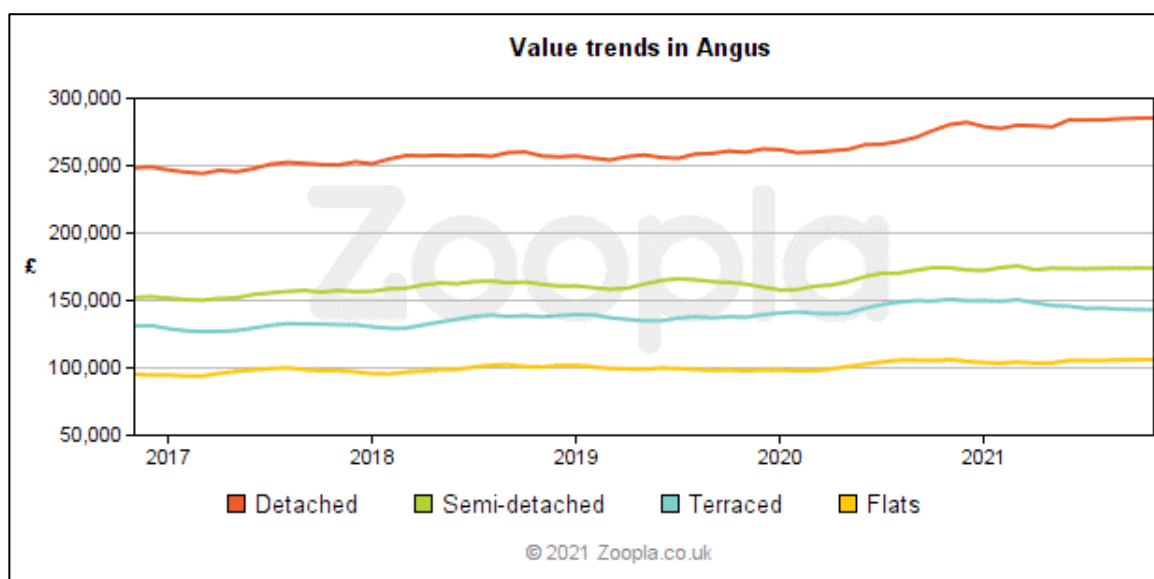
1. Full Revenue Budget of New Residential House – 4 Beds

Projected costs - 4 bedrooms (based on Rowan Cottage)	
Staff Costs	715,700
Staff Health Costs	600
<i>Staff Costs</i>	716,300
Rent	15,000
Water& Sewerage	4,000
Misc property costs eg F&F,repairs	4,000
Energy Costs -Electricity	6,700
Energy Costs -Gas	5,100
Cleaning	6,300
Commercial Waste Uplift	500
<i>Property Costs</i>	22,600
Fuel	3,000
Hire/Leases Vehicles	3,500
Mileage Allowance	4,600
Insurance Premium payments	200
<i>Transport Costs</i>	11,300
Purchases -Furniture	2,000
Recreational Activities	16,000
Materials - Service Specific	5,000
First Aid Supplies	400
Provisions	14,000
Mobile Phone rental/calls	500
BT Line Rental	100
Washroom Supplies	1,600
Residents	8,000
Security Costs	500
<i>Supplies & Services</i>	48,100
Projected Budgeted costs	798,300

2. Review of Angus Property Market – Suitable Properties November 2021

As of November 2021, there were nine properties with a minimum of six bedrooms for sale in Angus. These vary from listed country mansions to a modern timber kit house in a housing estate.

Using Zoopla, the average current value for a detached property in Angus is £284,767 and the average price paid in the last 12 months was £257,036. Detached property value is increasing in Angus as seen from the graph below.



Area ▼	Avg. price paid	Zoopla estimate ?
Arbroath	£153,294	£166,995
Brechin	£152,003	£180,782
Carnoustie	£193,471	£204,744
Forfar	£175,925	£187,378
Kirriemuir	£179,730	£193,803
Montrose	£175,101	£188,002

The graph above gives a good indication on where value for money could lie on the purchase of the property. It also is fairly evident from this that Zoopla

overestimate market value and are possibly helping to driving a false economy now.

Snapshot of potential properties:

10 Maviscroft, Forfar
7 Bedrooms, 3 bathrooms, 233sqm
£279,995



Panmure Street, Brechin
6 Bedrooms, 3 Bathrooms,
£450,000



2 Denside, Letham Grange, Letham
5 Bedrooms, 4 Bathrooms
£449,000



