

FALKIRK COUNCIL

SUBJECT: THERAPEUTIC RESIDENTIAL CARE – OPTIONS APPRAISAL
MEETING: HOUSING AND SOCIAL CARE COMMITTEE
DATE: 2nd FEBRUARY 2010
AUTHOR: ACTING DIRECTOR OF SOCIAL WORK SERVICES

1. INTRODUCTION

- 1.1 This report fulfils the commitment made to Members of the Housing and Social Care Committee on September 1st 2009 to provide an updated review on longer term options for residential care provision for 4 local medium term placements for Falkirk young people.

2. BACKGROUND

- 2.1 In the report to Committee in September 2009, we reviewed the previous commitment made by Council in 2001 to provide short, medium and long term residential care for young people in the Falkirk area. With the long term service already established and a short term resource due to open this year we are left with the, as yet, unmet need for a medium term service in the area.
- 2.2 Also in that report we noted the recommendation which arose from the Best Value Review of Residential Child Care undertaken in 2008. The review concluded that, in the light of the difficulties experienced to date in developing our own in house provision, there would be merit in undertaking an option appraisal of different approaches to achieving medium term places, rather than automatically continuing with a model of in-house provision.
- 2.3 Members agreed to utilise a current contractual relationship with Care Visions to provide 4 places of medium term care for an interim 15 month period (January 2010 to 31st March 2011) with significant savings being demonstrated against current spending patterns. It was also demonstrated that this should see approximate savings to the Council of around £124k over the life of the contract.
- 2.4 As outlined in the report to Members on 1st September 2009, Social Work Services have analysed demand trends over the last 5 years and these indicate an ongoing need for medium term residential places for younger children. The type of service required can also be described as therapeutic in that the focus of the care/support is remedial and aims to work with young people over a medium term to the point when they may be able to move on to other forms of family care.
- 2.5 The options appraisal which follows therefore takes forward the basic assumption that such a service is required and considers the best model to provide such care.

3. OPTIONS APPRAISAL

There are four options considered in this report:

- Option 1: Proceed with the development of a new in house facility as initially agreed by committee.
- Option 2: Enter into a longer term contractual arrangement with Care Visions for the provision of a dedicated unit for 4 young people within the Council area, based on the interim arrangements now in place to cover 2010-11
- Option 3: Invite tenders on the open market for the provision of a dedicated unit for 4 young people within the council area.
- Option 4: Improved procurement of external places – from resources outwith area.

3.1 Option 1 - development of new in-house provision within Council area

Background

- This option would see the development of a dedicated children's unit which would be owned and managed by Falkirk Council and which would be located within the Council boundary. £701k has been set aside in the Capital Programme for 2010-2011 for the development of such a unit. The additional costs associated with the Braes development and previously outlined to members will also require to be met from within the Social Work Capital Programme. Approximately 87k of savings are anticipated in other elements of the programme, however it is anticipated that approximately 43k will require to be met from the allocated budget for the therapeutic unit leaving available capital funding of approximately £658k.
- This option would involve the recruitment of an additional 12 staff members. The model revenue costs are based on the same staffing ratio as the service at Tremanna ie. two staff on duty 24hrs per day and reflects the levels of need of the intended service users. This is the staffing level identified as being appropriate for this type of service and is compliant with Care Commission requirements.
- The minimum weekly cost per place has been calculated at £3,070 which includes the revenue costs of the units and the costs of repaying the capital investment. However, the calculation at present does not include any amounts for central management costs – e.g. Team Manager. The planning assumption has been that the current Team Manager of Tremanna would cover this new service. This means that while there is no actual additional cost to the Council for this post, there should be a 50% allocation of costs to the new unit.
- In addition in year one we have calculated set up costs of up to £68k – this represents 8 weeks of staffing costs during the transition stage to enable staff induction and the gradual population of the unit.
- We have identified a site which could be explored further, however Development Services have indicated that the allocated budget may well be insufficient for the type of unit which is required. Recent experience with the development of both the long and short term units has been that final costs have come in over rather than under budget.

Analysis

- This option would allow the Council to develop a bespoke service and a physical environment best suited to the needs of the young people requiring medium term therapeutic accommodation and support. By providing the service 'in-house' the Council would have control over all aspects of access and care delivery.
- The identification of a suitable site for a therapeutic unit has been very challenging however, a potential site is now under active consideration. The experience of the previous 2 residential child care Capital projects identified that the planning processes for developments of this nature are time consuming and potentially controversial in local communities. If this option is to be pursued, consideration would require to be given to the impact of a lead in period from submission of proposals to conclusion and the potential for costs to further increase over this period.
- There is already Capital provision within the 2010/11 budget for the establishment of this resource, however, advice from Development Services suggests that the allocated budget is likely to be insufficient to meet the specification for this unit. This means that either further capital funding would require to be allocated or the project would require to be re-specified to allow the building to be done within the current allocation, with a potentially adverse effect on the quality and sustainability of the building. This in turn could impact on revenue costs with the unit costs increasing in the event of either a higher capital spend (additional capital to be repaid over the 20yr period) or higher maintenance costs. The result is a **minimum** cost of £3,070 per person per week.
- The minimum costs associated with this option represents better value for Falkirk Council than the rates of £3,500 to £4,300 associated with Option 4, however, the costs compare less favourably to Option 2.

3.2 Option 2 - Extension of Care Visions Contract

Background

- This option would involve entering into a longer term contract with Care Visions, an independent provider of residential child care who have provided a dedicated residential child care service within the council boundary since 2006. Care Visions have made a commitment to adapt their current provision in Westside to provide 4 medium term beds, through a revision of their current block purchase contract, which is currently at a weekly cost of £2,892 per bed. The Council has the option to extend the interim arrangement and to enter into a longer term arrangement which would:
 - a) allow us to agree to a fixed unit cost which represents Best Value over a longer time period (3 yrs).
 - b) allow for any further development deemed to be required within the Westside resource.

Analysis

- This option would enable children to be cared for within the Council boundaries and would also provide continuity of care provision for any children placed in Care Vision during the existing 15 month interim contract.

- Although not directly managing this unit, the Council would retain control over how the unit was used and which children were placed, through the operation of a block contract. Monitoring and management of the contract would also be significantly less complicated than Option 4.
- The interim arrangement with Care Visions undoubtedly offers financial Best Value with a weekly rate of £2,892. As previously set out for Members the benefits of the service offered by Care Visions includes a saving of £483 per bed per week when compared to external spot purchase rates. This represents a saving of 124k over a 15 month period
- In a straight price comparison with Option 1 the weekly saving would be £178 per bed per week (minimum) which would be equivalent to £37k for 4 bed places per year. In addition in the first year of the New Build option there would be additional costs such as staff induction training/set up costs (approximately £68k). Thus in the first year of running, the additional costs of the New Build versus the Care Visions option would be in excess of £100k.
- This option would reduce the pressure on the capital budget by approximately £658k.

3.3 **Option 3 - Open Tender**

This option would have similar benefits to Option 2, however, at the present time Care Visions is the only established provider of residential care who operates in this area and can therefore deliver the required service in the existing timescales. Clearly however, the value of this contract would require that any future award was subject to procurement scrutiny and we would commit to carrying out an exercise prior to future contract awards to establish if full competitive tendering would be appropriate.

3.4 **Option 4 - Improved Procurement arrangements**

Background

- This option would involve reviewing all contractual arrangements with external care providers with a view to achieving more advantageous prices. Current rates range from £3,500 to £4,300. The cost of this option would also need to take account of the additional costs associated with placing young people out of area i.e. travel for young person back home; staff visiting young person/attending reviews etc.
- Account would also need to be taken of the logistics of managing and monitoring out of area placements and the degree of control which Falkirk Council may have on the nature of the care provided in establishments which may also be catering for a range of young people from other parts of the country.

Analysis

- This option would mean that young people would continue to be placed outwith the Council boundaries and would not have easy access to families, friends and home communities.
- Any revenue savings arising from this option are difficult to quantify, however, it would be hoped that a more rigorous approach to procurement could result in some savings in placement costs, when compared to the exiting costs of purchasing external care. It should,

however, be noted that the available market evidence suggests that the rates currently being offered by Care Visions are unlikely to be significantly improved on.

- The continuing costs of maintaining contact with young people at some distance from the Council would dilute the impact of any savings.
- The management and monitoring of out of area placements would continue to be challenging in this model.
- This option, as in Option 2, would see a Capital saving to the Council of £658k. In view of the negative impact on young people, this option is considered to be the least favourable option.

4. FINANCIAL IMPLICATIONS

4.1 Summary of annual revenue costs as at February 2009 prices

Option	Description	Revenue costs
1	New Build	£638,000 plus £68,000 start up costs
2	Care Visions	£601,000
3	Competitive Tender	N/A
4	Improved procurement arrangements – out of area	N/A Currently £728,000 to £894,000

- 4.2 All options should see savings to the Council in comparison to current spending patterns though we cannot at present quantify levels of savings which may be achieved through options 3 or 4.
- 4.3 Of the four options outlined, the extension of the contract with Care Visions is the most financially efficient and it shares with option 1, the benefit of supporting young people within the area they live. It also has the advantage of providing continuity of care for young people who may be placed over the next 15 months.
- 4.4 The cost of residential care for children is a significant financial pressure for the Council. Entering into an extended contract with Care Visions would allow us to continue to benefit from savings of £1,932 per week compared to spot purchasing costs, plus savings in staff time and travel. In comparison to Option 1, it would result of savings of approximately £105k in year 1 and savings of £37k in subsequent years and would save £658k on the capital programme.

5. CONCLUSION

- 5.1 Patterns and trends relating to looked after children indicate that the Council will continue to require at least 4 medium term residential placements. To date these have been spot purchased externally to the Council with consequent implications for children who are living out of the area and financial pressures on the Council.

- 5.2 The option to extend the interim arrangements with Care Visions represents Best Value financially. Aside from the projected revenue savings there would be an immediate estimated reduction of £658k pressure on the Capital Programme.
- 5.3 Furthermore the level of risk attached to Option 1 could see costs going beyond the capital expenditure already allocated and impacting adversely on the Capital programme.
- 5.4 As stated in our previous report our existing relationship with Care Visions means we would be working with a known provider and able to monitor standards of care effectively.

6. RECOMMENDATION

It is recommended that Members should;

- 6.1 **endorse the proposal to continue to contract with Care Visions beyond the interim agreement covering 2010/11 to provide medium term care within the Council area for 4 young people in place of the development of new in-house provision and refer consideration of this proposal to Falkirk Council for consideration as part of the 2010/11 budget setting process.**
- 6.2 **request that the Acting Director of Social Work provide an update on discussions with Care Visions on extending the current contract for a further 3 year period.**

Margaret Anderson.

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ACTING DIRECTOR OF SOCIAL WORK SERVICES

Date: 11th January 2010

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LIST OF BACKGROUND PAPERS

1. Interim Residential Provision H&SC Committee 1st September 2009
2. Best Value Review of Residential Child Care - Best Value and Audit Forum