

**Agenda
Brighton & Hove City Council**

For general release

Meeting: Children, Families and Schools Committee
Date: 4th January 2007
Report of: Director of Children's Services
Subject: The re-provision of services currently provided under contract with NCH at Palmeira house.
Wards affected: All

1. Purpose of the report

To brief Committee members concerning the contract between the Council and NCH for the service at Palmeira House, and to seek agreement to proceed with the transfer of the service to Drove Road.

2. Recommendation

- 2.1 That the Committee endorse the approach being taken by officers to manage the transfer of children and young people into an in house service at Drove Road, and recommend to Policy and Resources Committee to approve the required capital programme, on a Spend to Save basis.

3. Background

- 3.1 Palmeira House is a large building in Palmeira Avenue in Hove. The building is owned by NCH and provides a shared care/respite service for children who have Autistic Spectrum Conditions, severe learning difficulties and challenging behaviour. The present contract for this service is due to expire in March 2007.
- 3.2 In 2001 a Judicial Review required the Council to continue the contract for the service with NCH until the five young people then receiving services at the unit reached 18 or left school. The full terms of the order are referred to in the legal implications section of this report. Four of those five young people have now made a successful transition into adult services locally. With the agreement of his mother, the last young man, JH is due to move in spring 2007 and planning for his transfer is well advanced with the full involvement of his mother. In addition to those who were

the subject of the Judicial Review four young people currently receive a service at Palmeira as detailed below.

- 3.3 The Palmeira building is not, and actually has never been, a suitable venue for a service of this kind for a number of reasons. It is a terraced house and there have been complaints from the neighbours about the level of noise. This has restricted the type of young person who can receive a service there and the limitations of the building have been mentioned with increasing prominence in inspection reports. NCH have indicated in discussions with Council staff that they recognise that the service would have to relocate at some point in the future. NCH managers have been very clear that they would need the security of a lengthy ongoing contract with the Council before they would consider reinvestment in another more suitable property locally.
- 3.4 Unit costs for the present service are high because the Palmeira building is on several levels, hence NCH feel that they need an additional staff member at each shift to provide extra support because staff working with a young person may not be able to physically see each other. Regulatory requirements mean that the unit has to have a dedicated manager and management structure, which increases the direct management overheads for the service. There are also additional support costs for the NCH management structure regionally. The combination of these factors means that the current service has extremely high unit costs.
- 3.5 The model of service that NCH runs at Palmeira means that in total a small number of young people can receive a service there. NCH have been unwilling until very recently to allow all five beds to be in use at the same time. Limited use of the service further increases unit costs. Negotiations have been underway for some time to reduce costs by bringing additional young people into the service and having five beds occupied on the same night. These negotiations have now been absorbed into wider discussions about the future of the contract.

4. The budget

- 4.1 Since opening, the costs of the Palmeira contract have steadily escalated. The base budget for Palmeira for 2006-7 is now £690,200. There have been additional costs for one young adult, which bring the total cost of the service to £849,000 in 2006/07. This has provided virtually full time support for BM aged 19 and JH aged 17 and then lower level shared care packages for LT aged

17, RT aged 15 and twin boys TC and DC aged 11. Specifically LT receives support 5 nights per week, RT receives support 2 nights per week and TC and DC each receive support 3 nights per week. In addition each of the shared care packages at Palmeira is supported by Outreach packages provided by the CYPT plus educational placements at Downs View school.

- 4.2 It has been apparent for some time that the children currently coming up through the system do not present as acute a set of needs as those for whom the Palmeira project was originally designed.

As part of the present round of contract negotiations, therefore, an informal tendering process was carried out. NCH were asked to provide details of the budget they would need to provide an ongoing service for the three youngest children already in placement and for an additional fourth child who has not yet been introduced. A similar process was also undertaken in house within the CYPT and with a local private provider. The estimate given by NCH for an ongoing service at Palmeira on this basis was £402,000. The private provider tendered for the service at £240,000 and the CYPT costs of running the service at Drove Road were estimated as being £270,600.

An informal appraisal of the three bids showed that the in-house CYPT solution was likely to provide the best value for money over the long term, as it offered both quality and flexibility in terms of future provision.

An important factor in deciding to pursue the in-house option rather than the private provider was an assessment of the likely acceptability of the two options to the parents of the children, and the staff who would be transferring from NCH under TUPE.

- 4.3 Colleagues in property services have been involved in planning the refurbishment work for Drove Road and a Spend to Save bid will be submitted to P&R on 18 January. The total cost of that bid is £125,000. A detailed summary of the proposed building work is attached as Appendix A.

5. Present planning

- 5.1 The present contract for the service is due to end in March 2007 and so consideration has been given as to the way forward for the care of the young people who would otherwise remain at Palmeira at that time. Negotiations with NCH are underway to

extend the service for a period of six months to allow a number of practical issues to be resolved.

- 5.2 As part of the contract negotiations a review was carried out of the present circumstances for each young person currently receiving a service at Palmeira. BM now 19 has recently moved to a private provider of adult placements in Brighton and Hove. This is his long term adult placement and his parents are happy with the plan. JH, the last of the young people who were subject of the JR in 2001 is due to move to a Council run service by early in the New Year. His mother is in agreement with an early transfer for him because he will be moving to a local service with other young people who were formerly resident at Palmeira.

Planning is progressing for LT to move to her adult placement and a number of local options are being explored. RT, TC and DC will continue to need a stable support package from children's services in the future.

- 5.3 Updated assessments are currently being carried out to facilitate the smooth transfer of all the young people. The older two residents will move to adult placements regardless of the expiry of the Palmeira contract. The suitability of the younger three to move into the Drove Road unit in Portslade has been considered, with that unit being specially adapted to meet their needs and to match the quality of the service provided to them currently.
- 5.4 Drove Road is a well established and well regarded respite unit for severely disabled children, owned and staffed by the CYPT. It provides a service for 25 children, some of whom have Autistic Spectrum Conditions, severe learning difficulties and challenging behaviour. The facilities available at Drove Road are superior in some ways to those available at Palmeira , for example there is a ball pit, a sensory room and a very large garden none of which are available at Palmeira currently. The Drove Road building has an experienced staff group and some additional capacity within the building to extend the service so that the present packages for RT, TC and DC can be replicated and indeed extended in the future. Negotiations are also underway regarding TUPE rights for the Palmeira staff group which will provide additional continuity for the children and young people and minimise redundancies for the staff.
- 5.5 The Commission for Social Care Inspection, the regulatory body, has visited Drove Road and is positive about the current plans to extend that service to encompass the children who currently receive a service at Palmeira plus build in additional capacity to

support a fourth child. Although the service will be a bespoke facility for this specific group, there will be additional benefits to the young people from having the co-location with the respite unit such as a larger staff group that can work across both parts of the Drove Road service and the children will be able to benefit from integrating into the larger group at times.

- 5.6 The timing of the proposed building works is as follows:
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| Evaluation, recommendation and issue order and waiver signed off | Mid February |
| 2007 | |
| Lead in period | Mid Feb – End |
| March | |
| Commencement on site | End March 2007 |
| Completion on site: | Asbestos removal April 2007 |
| | Main contract works July 2007 |

6. Consultation

- 6.1 Detailed discussions concerning the proposed transfer have been held with the parents of all the children involved, the staff at Palmeira and with the staff at Drove Road. Plans have taken their comments and wishes into account.
- 6.2 Detailed discussions have also taken place with internal, regional and local officers of NCH, who are co-operating with CYPT officers in ensuring that the transfer takes place as smoothly as possible.
- 6.3 The building at Drove Road has had a thorough Health and Safety assessment and an inspection by the Commission for Social Care Inspection, both of which were satisfactory.
- 6.4 Colleagues in Finance, Property and Legal services have been consulted and their comments are included in the appendices.

7. Conclusions

- 7.1 As the contract for the Palmeira service comes to an end in March 2007 a decision now has to be reached about the future. If a fresh contract is negotiated in reality the Council will be committed for a significant extended period. Consideration has been given to the needs of the young people who would need to move from Palmeira if the contract were not to be renegotiated and the impact on them of a transition into a new service.

- 7.2 The young people who receive the most extensive support packages have already or are about to transfer to adult services. Three children will need ongoing support. It is considered that the planned bespoke service at Drove Road could match the service at Palmeira and that the transition can and will be managed in such a way as to minimise the impact upon the children and ensure that their needs are being met consistently. Although children who are autistic tend to need stability and predictability to their routines, in reality these particular children already cope with a shared care package, with school and with Outreach and it is our assessment that they will be able to manage a careful transition process.
- 7.3 Although the Palmeira service is of high quality it is very expensive and NCH are not able to reduce costs sufficiently to match either the costs of the CYPT or of a private provider.
- 7.4 In order to ensure that the adaptations to Drove Road are completed to the correct specification for the childrens' needs and in order to ensure that the transition of the relevant children into the new Drove Road facility can take place over a sufficient period of time and avoids school holidays (so that the school can proactively assist in the transition and provide an element of continuity during that period) negotiations are underway with NCH to seek an extension of the contract for the Palmeira provision until September 2007.
- 7.5 It is intended that throughout this process officers will work closely with the parents, carers and staff at the Palmeira and Drove Road facilities to ensure that at all times the assessed needs of all the young people are being met.

Meeting/Date	Children, Families and Schools Committee 4.1.07
Report of	Director of Children's Services
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Wards affected	All
Financial Implications	
<p>The 2007-08 budget allocation for the Palmeira project is £707,500 which is the 2006-07 allocation of £690,200 plus 2.5% inflation.</p> <p>NCH have estimated that the full year cost of providing the service for the three youngest children already in placement (JC, DC & RT) and an additional child who has not yet been introduced (DI) would be £402,900 in 2007-08.</p> <p>It has been estimated that the full year cost in 2007-08 of the Council providing services for these children at Drove Road would be £270,600. This has been calculated in conjunction with the service Manager and is based on a staffing establishment of 7.9 FTE.</p> <p>A local private provider has estimated the cost of providing services for these four children as £240,000. However this option will not be considered as social care professionals have advised that Drove Road is better equipped to meet the needs of these particular young people. It is felt that the additional cost represents good value for money as the Drove Road facilities will provide a higher quality of care. Therefore the estimated saving has been calculated based on switching provision from NCH to BHCC.</p> <p>There are a number of factors that will impact on the level of saving achieved. The first of these is the date on which the contract with NCH will cease. The calculations below are based on two options (30/09/07 and 30/11/07). The overall saving achieved will reduce by approximately £10,500 for each additional month that the NCH contract runs.</p>	

Secondly there is one child (CL) currently at Drove Road who will need to transfer into an agency placement in order to increase capacity at Drove Road. It is estimated that this will lead to an overspend of £51,200 which will need to be offset against the total saving.

Thirdly there are two children (JH & LT) who will be transferring into adult provision during 2007-08. The costs of providing this care until their 18th birthday are estimated at £61,300 and this will need to be charged to the Palmeira budget. It should be noted that this cost could vary depending on the date they leave Palmeira and the actual placement that is made.

The staff that currently work at Palmeira would transfer to the Council under TUPE arrangements which would mean that there would potentially be redundancy costs to consider. The costs of these are estimated at £63,400 but these would be chargeable over five years at a cost of £12,700 per annum. The redundancy costs could decrease if existing Palmeira staff left before the contract ceases.

Finally it has been identified that building works are required at Drove Road before it is able to accommodate these four children. The cost of these works has been estimated at £125,000 by Property Services. This would need to be financed by unsupported borrowing over five years. The estimated cost of this is £30,600 in 2007-08 and £29,400 for the subsequent four years (£148,200 in total). The additional £23,200 represents the anticipated interest charge for the borrowing. The cost of the building works could vary once quotations have been obtained from contractors.

Summary

The table below summarises the above factors and shows that the estimated saving of re-providing the Palmeira services at Drove Road is £200,800 if the NCH contract ceases on 30/11/07 and £221,600 if it ceases on 30/09/07. The full year saving for 2008-09 is estimated at £357,300.

Detail	2007/08 Contract cease 30/09/07 (£)	2007/2008 Contract cease 30/11/07 (£)	2008/2009 (£)
Cost of contract with NCH	202,000	269,400	0
Costs of Services at Drove Road	134,200	87,600	277,200
Costs of Redundancies	12,700	12,700	12,700
Repayment of spend to save funding	24,500	24,500	23,500
Children moving to adult provision	61,300	61,300	0
Additional Agency placement costs	51,200	51,200	54,500
Total Costs	485,900	506,700	367,900
Palmeira Budget	707,500	707,500	725,200
Saving	(221,600)	(200,800)	(357,300)

From 2012-13 the estimated saving will increase by £36,200 once the borrowing and redundancy costs have been repaid.

Finance Officer Consulted: Jeff Coates
Date 12/12/06

Legal implications

In 2001 a Judicial Review involving four young people then placed at Palmeira was settled by consent on terms that the council would continue to authorise the funding at Palmeira to meet the needs of the claimant children until they were 18 or left school

(whichever was the later), unless there was a very good reason to withdraw the service, expressly including the inability of NCH or other appropriate body to provide services contractually at Palmeira. In addition the council agreed under the terms of the order that in any event no claimant child would be withdrawn from the service until suitable alternative provision which matched the quality of the Palmeira project was available. It was further agreed that the plan for the transition of the claimant children into adulthood should match the quality of the provision at the Palmeira Project.

As indicated in the report only one of the original claimants remains at Palmeira the rest having gone into adult service provision. Appropriate services have been identified for that young person, and it is anticipated that with his parents' informed consent he will be moving to alternative suitable provision prior to the expiry of the current Palmeira contract.

The issue now before the committee is whether in all the circumstances the approach outlined in the report is reasonable. In summary whether it is reasonable not to seek a further contact with NCH to continue to provide services at Palmeira in the longer term. In considering this the Committee must have due regard to whether or not the proposed alternative provision can adequately meet the children's needs, together with the impact of the transition upon the young people concerned.

In the event that the service is re-provided at Drove Road at the time the young people transfer TUPE rights are likely to apply to a significant portion of the existing staff at Palmeira. In the event that not all the then staff contingent are needed in the new facility redundancies are likely to occur. It will not be possible to finalise the cost of this until the time of transfer. Specialist legal advice is already being provided in consultation with NCH around the employment and redeployment rights of existing NCH staff.

Lawyer consulted: Natasha Watson Date: 21.12.06

Corporate/Citywide implications

The corporate implications of a new contract for Palmeira would be increased budgetary pressure in children's services.

Risk assessment

It is important that the transfer is managed smoothly and well so that the children currently being supported by Palmeira continue to access services that are high quality and the risk to the good reputation

	of the City council is minimised.
Sustainability implications There are no implications for sustainability	Equalities implications There are no implications for equalities.
Implications for the prevention of crime and disorder There are no implications for the prevention of crime and disorder	
Contact Officer Liz Rugg, AD Children's Social Care x5388	