

PROJECT SKYLINE (GM CHILDREN'S HOMES)

Report of the Executive Director People and Neighbourhoods (Director of Children's Services) and the Assistant Director Legal and Democratic Governance

1. INTRODUCTION AND PURPOSE OF REPORT

- 1.1 The report provides an update on Project Skyline (GM proposal to create supply of children's homes to increase availability of placements for Children Looked After in the GM region for some of the most vulnerable young people) and approve in principle the entering into of a Partnership Agreement with the remaining Local Authorities in GM, GMCA and NHS GM for delivery of the project.

2. BACKGROUND

- 2.1 In late 2022 a piece of analysis undertaken by the GMCA Research team working alongside locality finance leads found GM's local authorities were spending more than £480m on children's social care budgets. The report identified that 50% of the £481m total expenditure across 2021/22 related specifically to ~6,000 children looked after with around £100m on external residential placements.¹
- 2.2 A combination of market composition/pressures, increased case complexity and excessive profit levels from some Independent Providers is leading to unprecedented financial pressures relating to placements for Children Looked After facing Children's Services Departments across GM and nationally. A more recent review of the costs of independent sector placements has confirmed that these pressures continue: the median weekly cost of a residential externally commissioned placement is now around £4,850, up 14% on the average twelve month previously and is a figure that is expected to continue to increase.
- 2.3 This financial analysis sits alongside evidence of an increased proportion of children being placed outside of their home Local Authority/ the Greater Manchester area, making it harder than ever for children in care to experience the stable conditions needed to achieve positive outcomes.
- 2.4 Whilst many of these issues were recognised within the Independent Review of Children's Social Care commissioned by central government there emerged a strong sense that GM as a region needed to take more direct action to respond

¹ Based on bespoke financial returns from the x10 locality authority Children's Services finance leads, presented to Directors of Children's Services and Treasurers in Autumn 2022. Based on outturn figures for 2021/22.

to these challenges. Within this context the idea for 'Project Skyline' was born – a proposal to create supply of children's homes to increase availability of Children Looked After placements in the GM region for some of most vulnerable young people whilst tackling the significant costs associated with these type of placements.

- 2.5 The project is separate to, but does compliment the council's work to purchase and provide additional homes for our Children Looked After within the Stockport borough.

Project Skyline

- 2.6 Building on one of the central aims of the GM Looked After Children Sufficiency Strategy 'Project Skyline' has developed significantly over the last 12-18 months. Extensive modelling based on need has led to a proposal for ten new homes that can accommodate 24 children with complex mental health issues or Emotional Behavioural Difficulties. This modelling has been refined over time through discussions with Local Authorities and market engagement with providers to get to a position where there is a clear specification that has been launched as part of a tendering exercise which ran until the 1 October 2024. GMCA is leading the procurement on behalf of the ten GM local authorities. The breakdown of the proposed Skyline Homes is detailed below:

Cohort	Description	Home Number and Size
1	Complex Care Mental Health Support Homes	4 x 2 Bed Homes
2	Residential Homes supporting younger children with a view to transitioning them back to foster care	2 x 3 Bed Homes
3	Residential Homes supporting older teenagers	2 x 3 Bed Homes
	Residential Homes supporting children / young people at risk of sexual exploitation (CSE)	1 x 2 Bed Home
	Residential Homes supporting children / young people at risk of criminal exploitation (CCE)	1 x 2 Bed Home
Total		10 Homes & 24 Beds

- 2.7 The services will be divided into three lots (as above), one for each of the cohorts of children and young people to be supported by the project. Bidders can tender for one, two or all three lots.
- 2.8 The procurement exercise will follow the competitive dialogue procedure prescribed in the Public Contracts Regulations 2015. Local Authority, GMCA and Health stakeholders are to be involved in the tender evaluations, with the awarded contracts due to commence in November 2024.
- 2.9 Local Authorities, the GMCA and GM NHS signed a Memorandum of Understanding for Project Skyline in January 2024. The MoU recognises the commitment of the ten local authorities, GMCA and GM NHS to the ambitions of the project including the investment case, which would see the homes acquired and owned by GMCA then leased to a third party who will deliver the provision

on behalf of the 10 Local authorities, as more particularly set out in the Partnership Agreement.

- 2.10 At the GMCA meeting in March 2024 it was formally agreed that GMCA would allocate funding of up to £5m to acquire properties to be used for Project Skyline with the selection of properties determined by the Skyline Strategy Group which is a cross organisational internal governance board and recommended to the GMCA for acquisition. Through engagement with local authority commissioners the localities that were deemed to be most suitable for the first tranche of Skyline homes (up to 5) were Bolton, Bury, Wigan, Salford and Trafford. The criteria for the homes included finding 3 to 6-bed detached properties in specified postcode areas under £700,000. In addition the criteria for the homes includes: 1) Sufficient distance from other residential properties 2) Distance from other registered children's homes 3) Have space configuration suitable to provide break away spaces. 4) Office and sleeping space for staff. 5) Consideration of refurbishment works required.
- 2.11 It was agreed that GMCA would take the lead role in procuring the contract on behalf of the ten districts with a recommendation that one of the ten Local Authorities will be allocated with resources to be the contracting authority and manage the contract on an ongoing basis on behalf of the other Local Authorities and partners. Salford City Council has agreed to act as the contracting authority.
- 2.12 Recognising the importance of having a clear health offer within the children's homes discussions have been taking place with NHS GM colleagues to ensure that the health offer within Skyline is aligned to the strategic objectives of the project. NHS GM will be a signatory to the Skyline Partnership Agreement alongside the local authorities and a nominated clinical lead has been working with the Skyline project team to design the preferred health offer for the homes. This will include further engagement with the preferred providers and will inform a final business case to be presented to GM ICB alongside an ask to sign off the commitment of resources before the homes open.
- 2.13 Since GMCA formally agreed to allocate funding to Project Skyline it has been announced that Greater Manchester will be one of two national pathfinder sites for the Regional Care Cooperative reforms which will see areas test different elements of how the children's home market and placements could be managed on a regional basis. As one of the pathfinder sites GM are expected to receive an allocation of £5m capital funding that will need to be committed within 2024/25. Whilst some details are still to be worked through with DfE over forthcoming months this should mean that GM can use this funding as a contribution to Skyline homes as long as GM commits to investing in additional Skyline homes on top of the original specification of ten homes over the next few years (responding to DfE requirement of additionality from the capital allocation). This could enable GM to be more ambitious in the specification of homes purchased for Project Skyline which is extremely positive for the project, however DfE has confirmed that this funding cannot be used for operational/set up costs.

Skyline ‘Partnership Agreement’

2.14 The Partnership Agreement builds on the Memorandum of Understanding. It will be entered into between the ten local authorities, GMCA and NHS GM, and will govern the relationship of the parties, roles and responsibilities, and the sharing of liabilities. In particular the Partnership Agreement:

- includes the collaboration principles the parties are committed to (taken from the MoU that has already been signed);
- sets out governance arrangements for the project, including terms of reference for the Skyline Strategy Group;
- details arrangements regarding the Skyline Homes, such as GMCA’s commitment to acquire the homes and lease them to the Care Providers, and GMCA’s right to charge rent and the principles on which rent will be calculated (i.e. to enable GMCA to recover its investment over an agreed period);
- states GMCA’s commitment to pay Mobilisation Costs to the Care Provider as required;
- sets out the role of GMCA and other parties in managing the procurement process for Care Providers;
- establishes principles regarding management of the Care Provider Agreements, including key decisions (e.g. termination) that the contracting party will need to bring to the partner authorities for approval;
- establishes the level of contribution that each local authority needs to make to any occupancy guarantee payment that becomes due to a Care Provider (as per the agreement in the MoU) noting that this will be regularly reviewed;
- reflects the principle that the local authorities will share costs and underwrite any losses incurred by GMCA as a result of its investment in the Skyline homes.

2.15 The Local Authorities are in the process of finalising the terms of the Partnership Agreement by way of a Task and Finish Group and it is envisaged all Local Authorities will have entered into the Partnership Agreement by the end of October 2024 or during November 2024.

Project Skyline Indicative Timeline

2.16 The table below sets out the indicative timeline for phase 1 of Project Skyline. It will be monitored through the Skyline Programme Board with any changes reported to GM Directors of Children’s Services and LA Skyline Champions. A separate risk log has been developed for the project – a summary of the high-level risks is included in Appendix B to this report alongside a summary of the legal, financial and equalities implications (Appendix C).

Phase 1 (Ambition for initial 5 Homes)	Milestone	Due date
	Procurement - Launch	Start of May 24
	Governance – Programme Board established	End of Sept 24
	Governance - LA Cabinet approvals	End of Oct

		24
	Procurement - contract awards	End of Nov 24
	Health – Integration designed and resourced	End of Feb 25
	Property –properties identified, acquired and refurbished (first batch, max 5)	End of Nov 24
	Property – Providers recruit and obtain OFSTED registration	End of Feb 25
	First CYP placements	End of March 25
	Health Integration – in place	End of March 25

3. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 3.1 The high-level financial risks are set out in Appendix B and C to the report. All Local Authorities' Borough Treasurers/Section 151 Officers/Chief Finance Officers or their representatives have been involved in discussions regarding the financial requirements and risks of Project Skyline.
- 3.2 Local Authorities will only pay for the costs of placements they use within Skyline Homes except in circumstances that will require underwriting by GM Local Authorities (e.g. under-occupancy by Local Authorities that had agreed to fill the beds). The Partnership Agreement is in the process of being finalised and will address both the risk and gain share positions that may arise given the acquisition of properties.

4. LEGAL CONSIDERATIONS

- 4.1 The high-level risks and legal implications are set out in Appendix B and C to the report.
- 4.2 The council's Assistant Director, Legal and Democratic Governance is the Local Authority representative for Chief Legal Officers on the Programme Board. Weightmans Solicitors have been providing advice to GMCA and the Local Authorities on the Partnership Agreement and have prepared the first drafts of all the legal documentation.
- 4.3 The Memorandum of Understanding sets out the principles of the intended legal relationships between the parties requiring a commitment from the districts to consider use of the Skyline placements as a first option when fulfilling their statutory duties regarding the placement of children.
- 4.4 The care providers will be procured by way of a framework contract that each district will be able to draw down from. There is no obligation to draw down but

once exercised that Local Authority becomes responsible for the relationship with the Care Provider and any associated costs.

- 4.5 There will be a cost share recovery mechanism set out in the Partnership Agreement as agreed in the Memorandum of Understanding in the event of the placements not being filled. There is also an indemnity to protect the GMCA's investment in the properties required to deliver the placements as GMCA have agreed to buy the properties required as part of the partnership arrangements.

5. HUMAN RESOURCES IMPACT

- 5.1 Project Skyline will create new roles for the social care workforce within the homes themselves. The challenging recruitment market for the social care workforce is noted as a risk to the project, in the event that the providers are unable to provide the appropriate level of staffing at the homes.

6. EQUALITIES IMPACT

- 6.1 As set out in Appendix C, as part of the procurement exercise for Skyline Homes, providers will be asked to demonstrate how as organisations they will take account of equalities, which will be part of the scoring criteria for the contract. Any equalities implications will be monitored as part of the contract managing process once the contract is live, particularly in relation to the children placed within the homes although, it is likely that decisions around placements for children will be based on levels of need.

7. CONCLUSIONS AND RECOMMENDATIONS

- 7.1 Scrutiny is asked to note and comment on the report.
- 7.2 Cabinet is recommended to:-
 - 7.2.1 Approve in principle that the council can enter into a Partnership Agreement for Skyline as referred to in this report.
 - 7.2.2 Delegate to the Executive Director People and Neighbourhoods, in consultation with the portfolio holder for Children, Families and Education, Section 151 Officer and the Assistant Director, Legal and Democratic Governance to agree the terms of the Partnership Agreement.
 - 7.2.3 Delegate to the Assistant Director, Legal and Democratic Governance authority to enter into any documentation required to give effect to the Partnership Agreement, including the Partnership Agreement and any related legal agreements referred to in the Partnership Agreement or arising out of the project as a whole.

BACKGROUND PAPERS

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Vicki Bates on Tel: 0161 474 3219 or by email on vicki.bates@stockport.gov.uk

Appendix A: Principles of Collaboration as set out in the Skyline Memorandum of Understanding

The Parties agree to adopt the following principles when carrying out the development of GM Skyline (the Principles):

- (a) seek to improve the lives of children living in children's homes
- (b) collaborate and co-operate. Develop and establish a governance structure for GM Skyline (including the GM Skyline Strategy Group) to ensure that activities are delivered and actions taken as required;
- (c) be accountable. Take on, manage and account to each other for performance of their respective roles and responsibilities in relation to the development of GM Skyline;
- (d) be open. Communicate openly about major concerns, issues or opportunities relating to GM Skyline;
- (e) learn, develop and seek to achieve full potential. Share information, experience, materials and skills to learn from each other and develop effective working practices, work collaboratively to identify solutions, eliminate duplication of effort, mitigate risk and reduce cost;
- (f) adhere to statutory requirements and best practice. Comply with applicable laws and standards , including (but not limited to) Working Together 2018, the Children Act 1989, the Children Act 2004, the Children and Families Act 2014 and the Social Work Act 2017;
- (g) deploy appropriate resources. Ensure sufficient and appropriately qualified resources are available and authorised to fulfil the responsibilities in this MoU; and
- (h) act in good faith to support achievement of the Key Objectives and Compliance with these Principles.

Appendix B – High level Risks

Risk Description	Likelihood	Impact	Mitigation
Failure to appoint suitable provider for Skyline Homes.	Low	High	Extensive market engagement undertaken already. Reissue tender if unable to award contract through first procurement round.
Failure to purchase and refurbish suitable properties for Skyline Homes resulting in delays to 'go live' date.	Medium	High	Property Strategy group established and in process of identifying suitable properties for offers.
Under-occupancy of Skyline Homes.	Low	High	Project Skyline has been modelled on placement need across GM. Ensuring the occupancy guarantee is set at an achievable level will help to mitigate this, along with scrutiny over referrals, offers and admissions that will occur between Providers and the Skyline Operational Leads Group.
Disagreement over suitability of placements between Local Authorities and providers once Skyline Homes 'go live'	Medium	Medium	The use and type of placements will be reviewed as part of contract monitoring. A Skyline Operational Group will be established with representatives from all ten LAs and GM NHS to allow for escalation of concerns re. placement availability /quality.
Failure to ensure there is a high quality health offer within Skyline homes that meets the health needs of the cohort of children & young people.	Medium	High	Clinical leads nominated by NHS GM have been working alongside the Skyline Project team and Local Authority commissioners. NHS GM commitment to provide commission appropriate services within Skyline homes set out in partnership agreement. as considered necessary.

Appendix C: Legal Financial & Equalities Implications

Legal Implications

The Memorandum of Understanding (and draft Partnership Agreement) sets out the principles of the intended legal relationships between the parties requiring a commitment from the districts to consider (on a reasonable basis) whether to prioritise the use of the Skyline placements as a first option when fulfilling their statutory duties regarding the placement of children, rather than use placements within their borough. There will be circumstances where it is more appropriate and best for the child for them to be placed within the borough's existing provision.

The care providers will be procured by way of a framework contract that each district will be able to draw down from. There is no obligation to draw down but once exercised that Local Authority becomes responsible for the relationship with the Care Provider and any associated costs. There will be a cost share recovery mechanism set out in the Partnership Agreement as agreed in the MOU in the event of the placements not being filled. There is also an indemnity to protect the GMCA's investment in the properties required to deliver the placements as GMCA have agreed to buy the properties required as part of the partnership arrangements. A gain share process has also been added into the draft Partnership Agreement.

Financial Implications

Local Authorities will only pay for the costs of placements they use within Skyline Homes except in circumstances that will require underwriting by GM Local Authorities (e.g. under-occupancy) as set out in the draft Partnership Agreement.

Equalities Implications

As part of the procurement exercise for Skyline Homes providers will be asked to demonstrate how as organisations they will take account of equalities, which will be part of the scoring criteria for the contract. Any equalities implications will be monitored as part of the contract managing process once the contract is live, particularly in relation to the children placed within the homes although generally speaking decisions around placements for children will be based on levels of need.