

## London Secure Children’s Home Project

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### Proposal / Cabinet Paper – FAQs

Up to 24 October 22		
Theme	Question / comment	Response
Business Case	What will be covered in the refreshed Business Case and when will it be ready?	<p>The refreshed business case will:</p> <ul style="list-style-type: none"> <li>• revisit and update the ‘case for change’</li> <li>• provide up to date and well-developed costings, informed by the final model of practice and operating model</li> <li>• identify the benefits that will be delivered by the new model (financial and non-financial)</li> <li>• consider the most suitable route for appointing a service provider</li> </ul> <p>Subject to achieving the relevant project milestones, such as planning permission, the refreshed Business Case will be prepared towards the end of FY 2023-2024.</p>
Board of directors	What will be the recruitment process / arrangements for the Board of Directors?	<p>The PLV’s annual Business Plan will outline the recruitment arrangements for all positions within the PLVs governance and operational structure. The Business Plan will be developed and agreed annually by members.</p>

<p>Commissioning projects other than the SCH</p>	<p>What are the other commissioning projects that could be delivered through the PLV?</p>	<p>The Pan-London Commissioning Programme includes the following which could be delivered through the PLV – subject to member agreement:</p> <ul style="list-style-type: none"> <li>• The London Accommodation Pathfinder (Alternatives to Custody)</li> <li>• Residential parenting assessments</li> <li>• Commissioning for children with ASD/SEMH</li> <li>• Commissioning for complex adolescents</li> <li>• Capital bids for new children’s homes in London</li> </ul>
<p>Development phase</p>	<p>What is the ‘development phase’ and what will be the role of the PLV during this period?</p>	<p>The development phase is the period between the date that the PLV is established and the date the provision is launched. This is expected to run from April 2023 to the end of 2025 / beginning of 2026.</p> <p>During this development phase, PLV members will work collaboratively to agree how London’s SCH provision will be run and managed. This includes:</p> <ul style="list-style-type: none"> <li>• developing and approving the pricing strategy and revenue model for generating financial income.</li> <li>• developing the practice model and operating model including, but not limited to:             <ul style="list-style-type: none"> <li>○ approach to working with children, young people and their families</li> <li>○ safeguarding and risk management arrangements</li> <li>○ quality assurance arrangements</li> <li>○ commissioning approach / staffing model</li> <li>○ process for managing referrals and placement allocation</li> </ul> </li> <li>• Inputting into and approving a refreshed business case</li> <li>• Appointing a service provider</li> </ul> <p>During the development period member local authorities will also explore alternative models for covering the cost of running the PLV that does not require annual subscription.</p>

		<p>The DfE development grant will cover the PLV's costs during this development period, therefore local authorities will not be required to make a financial contribution to the running of the PLV until the SCH provision launches.</p> <p>Local authorities will be able to make an informed decision about ongoing membership once the practice model, operating model, pricing strategy, revenue model, business case etc have been agreed.</p>
<p>Financial implications - capital costs</p>	<p>Will member LAs be required to cover capital costs if the project overruns?</p>	<p>The construction programme budget includes contingency for risks and uncertainty. The project plan and budget are subject to regular reviews and scrutiny by the DfE and experts who have experience of large capital programmes such as this. The reviews with DfE also provide an opportunity for discussion about additional funding and are used as a decision point to stop or continue the project.</p> <p>The likelihood that PLV members will be required to cover capital costs is therefore low.</p>
<p>Financial implications – general liabilities</p>	<ul style="list-style-type: none"> <li>• What will be the financial liabilities of each member LA, including financial consequences of leaving the PLV at particular points?</li> <li>• How will inflation and any variances to budget be dealt with between PLV members?</li> <li>• Will any loss made over the year be charged to members so that the PLV always breaks even?</li> </ul>	<p>The new SCH provision will be jointly owned and managed by member local authorities who will share the benefits as well as the risks – financial and non-financial.</p> <p>The PLV and London SCH provision will work closely with the central SCH co-ordination unit to proactively sell places to UK local authorities at a cost in order to recover the loss / potential loss of revenue.</p> <p>Financial liabilities and the way in which any financial losses are attributed or apportioned to members will be set out in the final legal documents required to set up and run the PLV as well as the PLV's Business Plan which will be developed and agreed annually by members.</p>

		<p>Very early drafts of some of the legal documents are available on request however these do not reflect any feedback from LAs.</p> <p>LAs who will be joining the PLV will input into the final legal documents.</p>
Financial modelling - inflation	How was inflation factored into the financial modelling?	The estimated operating costs in the paper are taken from the Outline Business Case (2019) – this was adjusted once in August 2022, using the CPI inflation calculator.
Financial modelling – other scenarios	<p>Can the financial modelling document be amended to show the following?</p> <ul style="list-style-type: none"> <li>• the impact of inflation across the 5-year period</li> <li>• different prices</li> <li>• different rates of occupancy</li> <li>• other scenarios</li> </ul>	As this is a template Cabinet paper, you can add additional information to the paper to suit the needs your own local authority.
Financial – surplus / profit	How will profit be reinvested into the PLV?	The general principle of reinvestment will appear in the PLV legal documents but the detail of how any surplus income will be used will be agreed by members and reflected in the PLV’s annual Business Plan.
Legal documents	Who will develop and agree the PLV articles and other legal documents?	<p>Once there is a substantial number LAs have confirmed they intend to join the PLV, a working group will be established that will include representation from ALDCS, Society of London Treasurers and Council Monitoring Officers. This group will work with the project team and Bevan Brittan LLP to finalise the PLV articles and other legal documents required to set up / run the PLV.</p> <p>The template report proposes that the decision to agree the final legal documents is a delegated one, and this must be done in consultation with at least the Director of Finance and the Council’s Monitoring Officer.</p>

Limited liability	Could the extent of limited liability be explained?	This means PLV members will only guarantee the PLV's debts, if it is wound up - up to a limit of £1 or a similarly nominal amount. This will be outlined in more detail within the Articles of Association.
Membership fee - amount	Is the £20K per year membership fee subject to how many LA's sign up?	<p>If members agree to proceed with a membership fee model, the proposed membership fee, which will be payable only once the provision has launched, is fixed but subject to inflation adjustment.</p> <p>During the development phase, member LAs will explore alternative models for covering the running costs of the PLV that does not require an annual subscription.</p>
Membership fee - start date	When will members start paying for annual membership?	If members agree to proceed with a membership fee model, this will be payable once the provision has launched. The provision is expected to launch between the end of 2025 / beginning of 2026, subject to the project achieving the relevant milestones.
Membership fee – low / no use of secure	<ul style="list-style-type: none"> <li>• If an LA does not use the PLV at all in a year, can costs be refunded?</li> <li>• We are a 'low use' Borough, is there an alternative to paying an annual membership fee?</li> </ul>	<p>The proposed membership fee will cover the operating costs of the PLV. Members will not be entitled to any refund of any amount paid to the PLV as a consequence of ceasing to be a party to the membership agreement or ceasing to be a Member of the PLV.</p> <p>During the development phase, member LAs will explore alternative models for covering the running costs of the PLV that does not require an annual subscription. If an alternative model is agreed, this may lead to higher placement pricing as the funding to cover the PLV's operating costs will need to come from placement fees.</p>
Placement prices	<ul style="list-style-type: none"> <li>• Are the three prices in the report what member LAs will pay when the service launches?</li> </ul>	The placement prices used for financial modelling do not represent the final pricing structure for the new SCH provision and the SCH operating costs used in the modelling document do not represent the final operating costs of the new provision.

	<ul style="list-style-type: none"> <li>How much will member LAs pay for secure and step-down placements and what will be the price for non-members?</li> </ul>	<p>These are based on estimates gathered during the development of the Outline Business Case and more recently, from feedback provided by LAs about their SCH / SCH alternative placement expenditure. The purpose of the financial modelling document is to demonstrate a range of scenarios using this information.</p> <p>Subject to achieving the relevant project milestones, such as planning permission, a pricing strategy and revenue model will be developed in collaboration with member LAs at the start of FY 2024 -25 – this will be informed by the final building design, practice model, operating model and refreshed business case.</p> <p>The pricing strategy and revenue model will establish the best possible (lowest) prices to be paid by member LAs for all of the SCHs services and will establish a higher pricing structure for non-members to ensure the SCHs operating costs and expenses can be covered.</p>
Service provider (SCH)	Who will run the provision and provide the staff?	During the development phase, member LAs will consider various options for who will run the SCH provision – options include one or more member LAs or an external organisation. Any tender and staff recruitment processes have been factored into the project plan. The process for identifying a provider and staff for the health and education provision will run in parallel to this.
Step down provision	How will step-down beds within the model support transitions from secure more effectively and reduce costs in the future?	The model of practice that is being developed with health and education, which member LAs will input into prior to service launch, will cover step down provision and transitions. The refreshed business case will analyse the benefits of the new model including cost benefit / cost avoidance.
Transport provision	Who will provide secure transport for children placed at the new provision?	The intention is for secure transport to be included as a service provided by the new provision.

<p>Transport costs - benefits</p>	<p>Can a figure that represents the reduction in secure transportation costs be added to the paper?</p>	<p>The Outline Business Case suggested that LAs could expect current transport costs to be halved by the creation of a London SCH.</p> <p>As this is a template Cabinet paper, you can add additional information to the paper to suit the needs your own local authority – this includes potential savings on your own LAs use of secure transport.</p>
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