

KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

DECISION TO BE TAKEN BY:

Cabinet Member for Integrated Children Services

DECISION NUMBER:

25/00100

For publication *[Do not include information which is exempt from publication under schedule 12a of the Local Government Act 1972]*

Key decision: YES

Key decision criteria. The decision will:

- a) result in savings or expenditure which is significant having regard to the budget for the service or function (currently defined by the Council as in excess of £1,000,000);*
- b) affects two or more Electoral Divisions*

Subject Matter / Title of Decision: In House Provision- DfE Grant Funding

Decision:

As Cabinet Member for Integrated Children Services, I agree to:

- a) APPROVE the updating and expanding of the Inhouse Provision programme scope to make best use of the additional match funding secured, in accordance with the associated grant conditions and the strategic objectives confirmed in Key Decision 24/00105.
- b) APPROVE the increase in total maximum capital budget to £6,050,000, incorporating the additional £2.7m DfE funding.
- c) DELEGATE authority to the Corporate Director of CYPE in consultation with the Cabinet Member for Integrated Children's Services and the S151 Officer for Finance to accept and deploy any further grants and other external uplift funding to support the delivery of the in-house provision model, providing funding is given on similar terms or matches the approved strategic policy objectives of the in-house programme
- d) DELEGATE authority to the Corporate Director of CYPE to take other necessary actions, including but not limited to finalising the terms of and entering into required contracts or other legal agreements, as necessary to implement the decision.
- e) DELEGATE authority to the Director of Infrastructure to progress relevant property management and development activity as required to implement this decision.

Reason(s) for decision:

The background overarching policy objectives for this programme are set out in Key Decision 24/00105, which approved the progression of establishing an Inhouse Provision model, with associated capital investment in relevant properties.

This proposed decision seeks to confirm the updated arrangements and scope of the project, including an increased total spend, so as to align with the new position following the securing of

£2.7m in additional funding from the DfE. The reasons for progression at a strategic level remain the same as per Key Decision 24/00105.

Earlier this year the DfE advertised grant funding for local authorities to match any capital funding (put forward by the local authority) to create additional children's homes for children with complex needs and challenging behaviour. KCC was notified this summer of their successful bid and that match funding totalling up to £2,765,719 would be awarded subject to the terms and conditions of the grant.

The proposed decision will allow for the deployment of the additional funding secured from DfE to support the already in development Inhouse Service model being worked on under Key Decision 24/00105 and increase its scope.

Background

The increasing costs of children placements was identified as a critical area within the council's strategic statement. In 2024, the Placement Sustainability programme was developed to progress the key activities that are needed to strengthen financial sustainability over the MTFP period, which included exploring in-house provision.

The match funding opportunity was advertised to local authorities earlier this year with successful candidates notified in summer 2025. The grant aims to support this project by matched capital funding between April 2025 and March 2029 to create additional provision in children's homes for children with complex needs and challenging behaviour, recognised to be a response to complex and ongoing trauma.

The grant aligns and supports the strategic aims of the in-house provision project to develop and offer its own Ofsted registered children's residential homes to address high-cost placements. An application was submitted with adherence to the organisational governance process for grant approvals.

This funding will be available to local authorities to help create accommodation which will:

- ensure there is sufficient provision in the right places for children with complex needs;
- ensure local health and social care teams work together to provide care which meets all of a child's needs; and
- reduce the number of children and young people with complex needs and behaviours being accommodated in unregistered provision.

Options

The project team considered two options with this appraised and informed by key stakeholders and subject matter experts.

This included consideration of best value, the opportunities (e.g. potential benefits and ability to deliver critical success factors) and risks, impacts and potential challenges for each option. The two options reviewed was 1) do nothing and continue to progress the in-house provision project without DfE grant funding monies or 2) accept grant funding monies to support the aims and objectives of the in-house provision project.

The proposed recommended option is an update to the Inhouse Provision programme to make best use of the additional funding from DfE.

How the proposed decision supports the council's strategic statement

In-house provision in Kent could support the Kent economy to be resilient with market changes as part of a long-term strategy with providers, whilst using preventative approaches to improve outcomes for children and young people in Kent.

It could also support some of the most complex and vulnerable children and young people within Kent whilst enhancing commissioning practice, using innovative and alternative methods to deliver care and building on partnerships to deliver best outcomes.

The proposal sets out a strong case for investment to create in-house provision as part of a longer-term financial sustainability strategy of mixed provision supporting the council in achieving its strategic objectives.

Achieving best value from in-house provision is both about financial viability and cost-effectiveness and considering whether sustainable outcomes for children are likely to be enhanced increasing; quality of life; everyday independence skills; choice; control; and personal agency.

Financial Implications

KCC was notified this summer of their successful bid in acquiring match funding up to **£2,765,719 (using 50:50 claims methodology)**.

The total cost of project submitted for the DfE bid (at least £5.5m), was higher than the original estimate of £3.8m agreed by Key Decision 24/00105. This reflects an enhanced specification required to each property to comply with the DfE output specification and increased requirement of c200m2 properties from an original 120m2.

Utilising the grant funding will require KCC to meet the specifications set out in the bid. This is outlined within the legal implications section. Complying to the DfE's output specification is likely to further reduce the lifecycle costs incurred by KCC as premises may have new Mechanical, Electrical and Plumbing services (MEP) delivered which will in turn bring a lower lifecycle cost to KCC's operational and maintenance costs, reducing KCC's overall lifecycle costs to maintain the provisions.

The proposed maximum revised budget of £6,605,000 formed from £2,765,719 match funding from the DfE and up to £3,840,000 of KCC funding approved by the Cabinet Member for Integrated Children's Services earlier this year under key decision 24/00105. Whilst the total capital cost of the project has increased, due to the enhanced specification required as part of the match funding from the DfE, this could still result in a total saving of up to £1,074,281 for KCC from the original £3,840,000 envelope (along with a further £0.025m for feasibility studies & surveys). Final costings are still subject to confirmation, therefore at this stage, it is proposed to retain this potential saving for the project to enhance the contingency (equivalent up to 20%) for any unforeseen costs. KCC was expecting to fund this project mainly from prudential borrowing therefore, if this contingency is not required, this will result in a revenue saving from reduced interest payments.

The grant conditions require the provision to remain operational for at least 5 years, the previous key decision on the implementation of the in-house provision (key Decision 24/00105) outlined the intention to invest in residential care provision on a long-term basis. Therefore, whilst the previous decision considered the associated risks of investing in in-house provision, this new requirement means KCC will have to continue to operate children's homes, even if it becomes inefficient to do so, during the first 5 years of operation. The home will only become inefficient if there is insufficient number of occupants or difficulties in recruitment. The former is unlikely, given the growing complexities experienced by children, and the service are putting in safeguards through workforce development strategy to prevent the latter.

Whilst the risks of this option were robustly considered, the benefits for adding grant funding to the existing in-house provision project outweigh the negatives.

Legal Implications

The children's homes capital funding can only be used for the specific 'Funded Activities' set out in the grant agreement and the project must be delivered as described in KCC's bid documentation. Any changes to a project's scope must be agreed in advance by the Department for Education (DfE) and the project may be liable to cancellation and/or clawback of funding if a change of scope is not agreed and/or subsequently taken forward by the LA.

Funding will be provided via a grant issued under Section 14 of the Education Act 2002, which means funding will be paid in arrears upon satisfactory evidence of work completed. It is the expectation grant funding will be awarded in relation to activity beginning in Summer 2025 (from the point the grant was awarded), with work starting on the projects as soon as possible after the award is given, and in line with committed milestones, project plans and required KPIs that will be included in all grant offer letters.

KCC is required to enter into a legally binding Grant Funding Agreement which comprises DfE's standard Grant Terms and Conditions. These conditions include provisions regarding the funding management including clawback provision, DfE controls over additional 3rd party funding. There is a capital build deadline of 2029 and a minimum operation timeframe of the service for 5 years after the placements commence. The conditions also include reporting arrangements for KCC to keep DfE apprised of the project progress.

The project team must ensure monthly reporting is submitted and compliancy with the terms and conditions of the grant is met.

Equalities implications

An Equality Impact Assessment was completed as part of the project and found low level negative impacts on the protected characteristics at this stage of the proposal. Positive impacts were identified for the protected characteristics of age, disability and sex. This will be reviewed and updated as the proposal progresses however, the supplementary decision doesn't change any equality implications.

Data Protection implications

A Data Protection Impact Assessment screening was undertaken and found to have low level negative impacts to data protection with a full DPIA not required at this time. The DPIA will be maintained and updated as a live document throughout the duration of the proposal. This will be reviewed and updated as the proposal progresses however, the supplementary decision doesn't change any data implications.

Cabinet Committee recommendations and other consultation:

Children, Young People and Education Cabinet Committee will consider this decision at its meeting on the 18 November 2025.

Any alternatives considered and rejected:

The only options available was to accept the funding or reject from the DfE.

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer: No

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signed

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date