

## **The Vale of Glamorgan Council**

### **Cabinet Meeting: 12 December, 2016**

### **Report of the Cabinet Member for Regeneration and Education**

#### **Review of Ty Deri**

##### **Purpose of the Report**

1. To provide Cabinet with an overview of the provision at Ty Deri, including the current level of usage and the key factors impacting on that usage.
2. To seek Cabinet approval to develop a business case to ensure the long term sustainability and success of the Ty Deri facility.

##### **Recommendations**

1. That Cabinet note the content of this report.
2. That Cabinet approve the development of a fully-costed business case for Ty Deri which explores a range of options, adopts a Council-wide approach and identifies the future demand of services that could be operated from Ty Deri to meet current and future needs.
3. That Cabinet approve the commissioning of external capacity for a time limited period to work with Members and officers in developing the business case.
4. That the Learning and Culture Scrutiny Committee is consulted on the options for Ty Deri as part of the development of the business case.

##### **Reasons for the Recommendations**

1. To provide Cabinet with an overview of the Ty Deri facility and the nature of its current and future use.
2. To enable the development of a fully-costed business plan to ensure the long term sustainability and success of Ty Deri.
3. To enable the development of a robust business case in a timely manner and make use of specialist external resources.
4. The Scrutiny Committee is engaged in identifying any alternative delivery models for Ty Deri.

## Background

3. Prior to the opening of Ysgol Y Deri and Ty Deri in November 2015, specialist provision in the Vale of Glamorgan was provided by three individual special schools:
  - Ashgrove School
  - Ysgol Maes Dyfan
  - Ysgol Erw'r Delyn
4. Ashgrove School provided residential provision for up to 12 children and young people (CYP) and Ysgol Erw'r Delyn provided respite placements for up to 8 CYP. Ysgol Erw'r Delyn also delivered after school provision.
5. These placements were well utilised in 2009/10 during the planning phase for the new school. Based on this level of usage and in consultation with the head teachers of the three original special schools and local authorities, it was decided to construct Ty Deri as a residential facility with a 19 bed capacity. This would closely mirror the joint capacity of Ashgrove School and Ysgol Erw'r Delyn and enable the Council to meet the needs of CYP within the Vale of Glamorgan and offer places to Councils throughout South Wales in order to generate income.
6. The facility is configured into four self-sufficient wings. Two of the wings are each equipped for 4 pupils with profound and multiple learning difficulties. Two other wings contain 5 and 6 beds respectively which are equipped for pupils with complex needs as a consequence of an autistic spectrum condition.
7. The facility offers residential placements during the school year and during term time, from Monday to Thursday. During the same time period CYP can be placed in 'respite' placements which can be from 1-4 nights per week. Ty Deri also offers 'tea stays' where CYP attending Ysgol Y Deri are able to stay after school from 3.15 until 9pm.

## Relevant Issues and Options

### Utilisation of Ty Deri

8. The take up of the tea stay, respite and residential provision has reduced significantly in recent years as described below.
9. The take up of tea stays reduced by 51% between 2009/10 and 2015/16. The breakdown shown in the table below shows that the take up from Cardiff Council (the main user of the provision between 2010/11 and 2015/16), significantly reduced in 2014/15 by 52% and further reduced in 2015/16 by 33%. The increased prices for tea stays in 2015/16 may have exacerbated the reduction in take up of tea stays since 2015/16.

<b>Tea Stays</b>				
<b>Year</b>	<b>Total Number of Tea stays</b>	<b>Cardiff Council</b>	<b>Vale of Glamorgan Council</b>	<b>Other LA/Health</b>
2010-11	294	293	0	1
2011-12	240	239	0	1

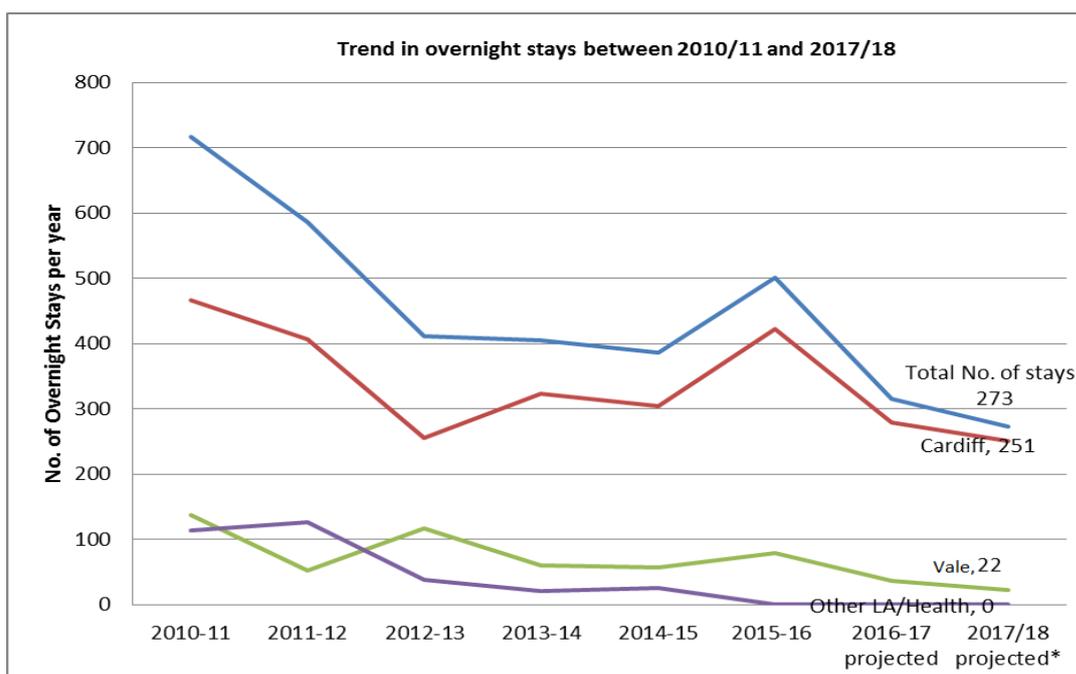
2012-13	320	316	0	4
2013-14	331	294	14	23
2014-15	194	141	32	21
2015-16	150	95	55	0
2016-17 projected	68	53	15	0
2017-18 projected	53	53	0	0

10. The use of Ty Deri for respite services has also decreased significantly since 2010/11 as set out below.

Respite Stays				
Year	Total Number of Respite stays	Cardiff Council	Vale of Glamorgan Council	Other LA/Health
2010-11	717	466	137	114
2011-12	587	407	53	127
2012-13	411	256	117	38
2013-14	405	324	60	21
2014-15	387	304	57	26
2015-16	502	423	79	0
2016-17 projected	315	279	36	0
2017-18 projected*	273	251	22	0

\*This usage is based on current and known use of the facility and assumes no new CYP placements in the above figures.

11. The following demonstrates the trend in respite usage since 2010/11:



12. Whilst there are fluctuations in overnight stays (which are likely to be cohort driven), the data gathered and anecdotal discussions with social services colleagues in both Cardiff and the Vale of Glamorgan Councils suggests an overall downward trend in take up and demand for overnight stays.
13. The take up of overnight stays increased marginally in 2015/16 from both the Vale of Glamorgan and Cardiff Councils although demand from other Local Authorities and Health continued to fall away in the intervening period. The reasons for this increased usage is not clear and further reductions are expected in 2016/17 and 2017/18. Take up in the first three months of the current financial year appears to be on a par with 2015/16. However, demand reduced significantly from July 2016 which is consistent with a pupil finishing at the end of the summer term.
14. The following illustrates the number of terms commissioned from Ty Deri for residential placements.

<b>Residential Use</b>				
	<b>Number of Residential Terms</b>	<b>Cardiff Council Terms</b>	<b>Vale of Glamorgan Council Terms</b>	<b>Health and Other LA Terms</b>
2013-14	18	6	9	3
2014-15	15	4	7	4
2015-16	11	4	4	3
2016-17	3	1	1	1
2017-18	0	0	0	0

15. The analysis of residential terms shows residential pupils funded by Cardiff Council, the Vale of Glamorgan Council and Health declining since 2013/14. At the current time, no data prior to 2013/14 is available. However, it is anticipated that this would show a higher number of terms being commissioned in earlier years, including a higher usage by other local authorities. All residential provision at the school ceased in July 2016 when three pupils left the school upon reaching school leaving age as shown below.

	<b>Number of Residential Terms</b>	<b>Number of pupils in Residential Care</b>	<b>Approximate Number of Nights utilised</b>
2013-14	18	6	912
2014-15	15	7	760
2015-16	11	5	557
2016-17	3	3	152
2017-18	0	0	0

16. Since 2013/14 there has been a reduction in pupils entering the provision, and therefore as the existing CYP move through the school and eventually leave the school, the number of terms commissioned reduces as the number of pupils reduces.
17. Analysis of the utilisation of the Ty Deri provision for respite and residential is set out below.
18. From September 2016 a revised staffing structure was put in place at Ty Deri. The capacity can now be estimated at a maximum of 4 pupils, 4 nights per week for 37 weeks each academic year, this totals 592 nights. Therefore, the surplus capacity is expected to reduce from 820 nights in 2016/17 to 319 nights per annum by 2017/18 as a result of the actions taken to date. The increase in percentage utilisation has been as a result of reducing staffing at the provision to address the over capacity issues.

<b>Utilisation analysis</b>	<b>Approximate number of nights utilised Respite</b>	<b>Approximate number of Nights utilised Residential</b>	<b>Total number of nights utilised</b>	<b>Approximate Capacity</b>	<b>Percentage Utilisation</b>
2013-14	405	888	1,293	2,960	43%
2014-15	387	740	1,127	2,664	42%
2015-16	502	543	1,045	2,664	39%
2016-17	315	148	463	1,283	35%
2017-18	273	0	273	592	45%

19. The number of nights utilised has reduced between 2013/14 actuals and 2017/18 projections by 79%. The majority of the reduction relates to the reduction in take up of residential places.
20. There have been a number of factors which are believed to have led to a decline in usage of Ty Deri:
  - Children's Services in the Vale of Glamorgan and Cardiff Councils have developed a range of interventions including the increased use of direct payments to support families in meeting the needs of their children. These have successfully enabled more families to support their children at home and has reduced the need for residential/respice provision.
  - Children's Services also report a current decline in demand for residential/ respice provision from service users' families. This is as a result of the level of need within the current cohort of CYP. Analysis of need would suggest that this level of need may increase in future which will lead to increased demand, which bears out the fluctuating demand seen in the tables above.
  - Declining placements at Ysgol Y Deri commissioned by other local authorities has also impacted on Ty Deri. In the past a number of these pupils accessed tea stays, respice or residential provision. Due to the declining number of these CYP being placed at the school from outside the Vale of Glamorgan, there is also a decline in the CYP who were most likely to access some additional provision.
  - Children's Services in the Vale of Glamorgan and Cardiff Councils have found the Monday to Thursday night, term time only provision offered at Ty Deri to be very restrictive. Respite provision is often needed at weekends and during school holidays which are challenging times for parents and carers of pupils with complex needs.

## Costs and Charges

21. Prior to the merger of the three special schools, Ashgrove School was responsible for setting the charges for their overnight places whereas Ysgol Erw'r Delyn and Ashgrove residential charges were set centrally by the LA.
22. In April 2015 the whole provision was transferred to Ysgol y Deri. At this time the provision provided by Ysgol Erw'r Delyn was making a significant loss. Charges were inconsistent with residential charges and income was insufficient to cover the actual costs being incurred to deliver the provision. When the Ysgol Erw'r Delyn provision budget was held in Central Education, there was a £50k deficit in 2013/14 and £19k deficit in 2014/15. It was agreed with the school that charges needed to be reviewed as part of the transfer to Ysgol y Deri.
23. In order to cover the actual costs of service delivery, Ysgol Y Deri increased the charges for overnight and tea stays in line with the existing residential charge schedule. Costs were therefore increased from £72 in 2014/15 for a tea stay to £125 in 2015/16 (a 74% increase) and from £249 for an overnight stay to £375 (a 51% increase).
24. A review of the individual staffing structures was delayed prior to the merger of the three schools. Once the schools were combined by bringing together the respite provision from Ysgol Erw'r Delyn and the residential provision from Ashgrove School, usage continued to decline and as a result Ty Deri was significantly overstaffed. This necessitated a restructure of staffing and a significant reduction in posts and this was successfully carried out in 2016.
25. The 2015/16 financial outturn is set out below.

	<b>2015/16 Outturn (£)</b>
Employees	416,947
Premises	36,500
Transport	0
Supplies and Services	8,417
Total Costs	461,864
Income (Overnight and Tea stays only)	(224,321)
(Surplus)/Deficit before Redundancy	237,543
Redundancy Cost	19,423
Total (Surplus)/Deficit	256,966
Residential Contribution from Formula	(255,216)
Total (Surplus)/Deficit	1,750

26. The contribution from the school's funding formula of £255k in 2015/16 ensured that only a small deficit was incurred by the school. However, a significant shortfall was experienced by the Council's central education directorate on the residential recoupment income budget. The £255,216 contribution from the formula is an historic line in the special school formula that reflects the fact that the income from residential provision is held centrally by the Council but the expenditure relating to residential

provision is incurred at school level. This arrangement is in line with the financial regulations for schools.

27. In September 2016 the significantly reduced staffing structure was put in place reducing the staffing by circa 8 FTE. As this change was made during 2016/17 the first full year of this reduced structure will be 2017/18.

	<b>2016/17 Projections (£)</b>	<b>2017/18 Projections (£)</b>
Employees	206,724	125,503
Premises	15,831	14,574
Transport	66	67
Supplies and Services	17,151	17,322
Total Costs	239,772	157,466
Income	(134,300)	(117,842)
(Surplus)/Deficit before Redundancy	105,472	39,624
Redundancy Cost	38,243	0
Total (Surplus)/Deficit	143,715	39,624
Residential Contribution from Formula	(255,216)	(255,216)
Total (Surplus)/Deficit	(111,501)	(215,592)

28. As described above, the £255k contribution from the formula is an historic line in the special school formula that reflects the fact that the income for residential is collected and held in central education. The expenditure relating to residential provision is incurred at school level. As there is no longer any residential provision and therefore no income received centrally in education, there should be no costs being incurred at the school relating to residential provision.
29. Use of this budget to offset the income cost pressure in relation to residential pupils in 2016/17) in central education would require Ty Deri to be able to operate a direct cost recovery model successfully for the reduced use of respite provision that continues. Based on the above it would appear that this could be achievable.
30. A full cost recovery model could increase the costs of the provision because currently some costs associated with Ty Deri are absorbed into the school's budget (e.g. headteacher salary is 100% allocated to the school).
31. As the figures above show, Ty Deri is projecting a surplus of £112k in 2016/17. It is suggested that rather than being transferred into a general Ysgol Y Deri school balance, this sum should be held specifically for respite/residential care for CYP in future years.
32. The above forecast shows, all things being equal, that should the residential contribution from the formula be transferred from the school, a deficit of £39,624 would be incurred in 2017/18.
33. The analysis below suggests that in order to breakeven, 125 additional nights would need to be utilised each year (which roughly equates to an additional 3 nights of respite per week).

<b>Breakeven Analysis</b>	<b>2017/18 (£)</b>
Total Costs	157,466
Income (excluding enhanced pupils but including tea stays)	(110,090)
Deficit	47,376
Breakeven Income	(157,466)
No. of unenhanced nights at £378.75 per night	416 nights

34. One of the reasons identified for reducing use of Ty Deri is the cost per night. If the charges for overnight stays were reduced in line with those paid to Ty Robin Goch of £353 per night, then the provision would need to secure 446 nights of respite provision per annum to breakeven. This is equivalent to an additional 154 nights (which roughly equates to an additional average 3.5 nights of respite per week).

<b>Breakeven Analysis</b>	<b>2017/18 (£)</b>
Total Costs	157,466
Income	(102,994)
Deficit	54,472
Breakeven Income	(157,466)
No. of unenhanced nights at £353 per night	446 nights (154 additional nights)

35. It is possible that reducing prices in line with competition would enable the service to increase its take up from Cardiff and the Vale of Glamorgan social services departments to ensure a cost recovery model is achieved.
36. If the number of days the Ty Deri provision is operated for is expanded to meet demand for respite around the weekend, the current staffing and management structure would need to be reviewed and the pricing strategy adjusted accordingly.
37. Children's Services in the Vale of Glamorgan and Cardiff have commissioned services from third sector providers who can provide respite provision 52 weeks a year throughout the week. This ensures access to and continuity of provision as it is required.
38. Ty Deri costs are currently significantly higher than the commissioned provision.
39. The provision commissioned by Vale of Glamorgan social services at Ty Robin Goch operates 5 nights a week (including weekends) during term time and half term holidays. It operates for 6 nights a week during the 6 week summer holidays. In total this equates to 266 nights a year. There is an allocation of four beds per night as a minimum level as part of the SLA.

### **Future Demand**

40. Data provided by both the Vale of Glamorgan and Cardiff Children's Services indicates that there are a number of CYP who are currently accessing respite provision or are likely to need such provision in future.

41. However, the numbers of such CYP have declined in recent years and currently Children's Services in the Vale of Glamorgan are able to fully meet the demand for respite placements by commissioning a relatively small 4 bed provision as described in paragraph 40 above.
42. Data also indicates that there are number of pupils who are currently accessing residential provision and a small but significant number who potentially will require 52 week residential placements in future. Currently this demand is met by commissioning places on an individual basis from a range of private providers.
43. Clearly, before any significant decisions are made, a fuller analysis of demand in this area will be required.

### **Summary**

44. Ty Deri is a valuable newly built well equipped Council facility which has the potential to provide residential and respite care for CYP from within the Vale of Glamorgan and other authorities.
45. This excellent, purpose built facility, is currently underutilised for the following reasons:
  - The costs of placements at Ty Deri are currently uncompetitive and therefore unattractive to service users/ commissioners.
  - The current model of service delivery does not meet the current requirements of service users who require provision availability for 7 nights a week, 52 weeks a year.
  - Children's Services have commissioned provision from third sector providers to provide respite placements that meets their current level of need.
  - The large increases in the cost of placements in September 2015 are likely to further reduce demand for placements.

### **Next Steps**

46. In order to address the issues described in this report, it is suggested that some short term action is required as well as exploring a range of options in the medium term to meet the Council's needs.
47. Measures have been taken to reduce the staffing at Ty Deri in order to align this with current usage and this has reduced the level of overspending and the provision is forecasting a surplus for the year.
48. The strategy in the short term should be to ensure the 2016/17 projected surplus is achieved by securing the level of utilisation forecast by the school. This could be achieved by the school ensuring the following actions are delivered:
  - Key service commissioners and users communicated with regularly.
  - Progress the discussions that are underway to provide respite/ residential placements for 3 young people.
  - Enable flexibility in the service offered and accommodated wherever possible and at a level that ensures that any additional costs are absolutely minimised and where incurred, are recovered in the charge.
  - Consider approaching social services teams with a reduced charge for tea stays, reset at a level that contributes to the marginal costs of operating these as a way of demonstrating that views have been taken on board and accommodated where possible.

- As the £255k contribution from the formula cannot be adjusted mid-year, steps should be taken to do so from 2017/18, in line with a continuing effort to ensure usage at Ty Deri breaks even whilst exploring longer-term strategies as described below.
  - Analysis of the future potential demand for services that could be provided by Ty Deri should continue in discussion with social services and education teams.
  - Commission external capacity to assist with the above and with exploring the following longer-term actions.
49. In order to ensure the long term sustainability and success of Ty Deri it is proposed that whilst the short term actions described above are underway, work to develop a business case for Ty Deri should commence. It is proposed that due to the scale, complexity and immediacy of this work, an external resource should be commissioned for a time limited period to undertake this work and be funded from the Council's Reshaping Services reserve. This business case should explore a range of options, adopt a strategic council-wide approach and identify the future demand for services that could be operated from Ty Deri to meet the Council's current and future needs.
50. This work will involve the following:
- Considering comprehensively the type, combination and level of service demand that will exist in the future.
  - Consider the relationship of price to market share: For example, would a price reduction in nights in-line with charge for Ty Robin increase take up sufficiently to secure break even and secure on-going commitment for the provision?
  - Consulting fully with service users to identify the level of need and the pattern of different types of provision that may be required. Current analysis would suggest that increasing the number of nights available and opening 52 weeks a year could be attractive to service users. However, this requires further investigation prior to committing to such a development.
  - Consideration as to who should operate the facility for each option. For example. developing Ty Deri to provide services 52 weeks a year on a residential basis would require Ty Deri to be registered as a Children's Home and running such a facility requires leadership and management which is expert in the field of social care. The Council would need to consider which (if any) Council department should run this type of provision, or whether a third or private sector partner would be more appropriately placed to do so.
  - Identifying the combinations of uses that could be made of Ty Deri. For example, should the current capacity be deemed too great, this could be reduced and the current configuration of self-sufficient wings could be used more flexibly. For example, this could enable a section of the ground floor to be designated as an area for teaching and learning for the most complex CYP. This could enable the school to develop bespoke individual packages for the CYP with the most complex needs who require higher levels of care and support than can be provided in the classes in the main school.

## **Resource Implications (Financial and Employment)**

51. The relevant financial and employment implications associated with Ty Deri are outlined in the body of this report as they are intrinsically linked with the changing demand and use of the facility.
52. The review of Ty Deri will involve further consideration of the way in which income and expenditure associated with the facility is managed. The actions described above are intended to ensure the on-going financial stability of Ty Deri and to reduce the impact of lost income associated with residential services on the LA.
53. It is proposed that the development of the business case for Ty Deri be funded from the Council's Reshaping Services reserve.
54. There are no direct employment implications arising from this report. In the development of the business case, the Council will ensure the trade unions and staff continue to be kept updated.

## **Sustainability and Climate Change Implications**

55. The Council is committed to maximising its contribution to the well-being goals set out in the Well-being of Future Generations Act. The Act places a duty on the Council to exercise the Sustainable Development principle. In doing so, the Council must consider five ways of working to enable sustainable development. The proposals set out above seek to ensure decisions are taken which consider the long term. There is the potential for further integrated approaches to be developed in the way in which these services are offered and the report suggests the need for a Council-wide approach to be adopted. There is also the potential for the Council to consider further opportunities for collaborative working (with other local authorities, the health service and others) in the development of the business case for Ty Deri.

## **Legal Implications (to Include Human Rights Implications)**

56. There are no direct legal implications arising from this report.

## **Crime and Disorder Implications**

57. There are no direct crime and disorder implications associated with this report.

## **Equal Opportunities Implications (to include Welsh Language issues)**

58. There are no direct equal opportunities implications associated with this report. An Equality Impact Assessment of the alternative model put forward in due course will be developed for Member's consideration.

## **Corporate/Service Objectives**

59. The services operated from Ty Deri, and those commissioned from other providers for relevant service users, contribute to the achievement of the Council's Outcome 3: An Aspirational and Culturally Vibrant Vale and Outcome 4: An Active & Health Vale.

## **Policy Framework and Budget**

60. This is a matter for Executive decision.

## **Consultation (including Ward Member Consultation)**

61. Due to the nature of the report, no consultation has been carried out to date. However, as described above, the review of Ty Deri will involve consultation with service users and their families, staff and trade unions as appropriate.

## **Relevant Scrutiny Committee**

62. Learning and Culture.

## **Background Papers**

None.

## **Contact Officer**

David Davies, Head of Achievement for All

## **Officers Consulted**

Rachel Evans Head of Children & Young People's Services  
Gemma Jones, Principal Accountant  
Adrian Unsworth, Operational Manager, Human Resources  
Victoria Davidson, Operational Manager, Legal Services  
Operational Manager, Performance & Policy

## **Responsible Officer:**

Paula Ham, Interim Director of Learning and Skills