

Classification: Open	Decision Type: Key
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Report to:	Cabinet	Date: 12 February 2025
Subject:	Project Skyline (GM Children’s homes)	
Report of	Deputy Leader and Cabinet Member for Children and Young People	

Summary

1. Project Skyline is a Greater Manchester wide project involving the 10 GM local authorities, NHS GM and the GMCA which will create an increased supply of specialist children’s homes for children in care in the GM region for some of our most vulnerable young people. This will see ten new homes that can accommodate up to 24 children with complex mental health issues or Emotional Behavioural Difficulties. GMCA is leading the procurement to appoint the care home operators on behalf of the ten GM local authorities.

Recommendation(s)

2. Note the proposed arrangements for the delivery specialist residential care in Greater Manchester for Looked After Children (“LAC”) and to agree that Bury Council should continue its due diligence prior to agreeing participation in the scheme.
3. Dependent upon due diligence agree to delegate authority to the Chief Executive/Executive Director Children & Young People, in consultation with the portfolio holder for Children and Young People, and Director of Finance to negotiate and finalise the Partnership Agreement and all other contractual and ancillary arrangements.
4. Delegates to the Director of Law and Democratic Services to enter and complete the documentation necessary to give effect to the recommendations.

Reasons for the recommendation(s)

5. To enable Bury to participate in progressing plans to invest in new regional provision that will be protected for GM children and seek to develop a portfolio of new publicly owned residential provision to support children in care to GM authorities in need of residential provision.
6. At its core, creating dedicated GMCA provision is seeking to mitigate the exposure to market forces, particularly the escalating cost of provision and sometimes sub-optimal outcomes for children. The Project aims to establish 10 homes for up to 24 children and young people. Whilst this is a small number relative to the number of children in care to GM authorities in private sector children’s homes (slightly less than 600 currently), it represents an

important shift and a return to the children's homes market for GM local authorities.

7. Bury is the only Local Authority in Greater Manchester that does not currently have internal residential homes, so we are the most challenged of all GM authorities in terms of sufficiency of specialist homes and our subsequent exposure to market forces, we have seen a marked increase in the number of residential placements currently at 46 having seen an increase in volume of 21% over the past 12 months, with an weekly average cost of £5,834 per child at the end of Q1 2024/25 and with a total cost of £8.7m at 2023/24 outturn.
8. Engagement in Project Skyline would be a complementary facet of Bury's sufficiency strategy whilst we also develop plans for our own residential provision and build the number of fostering households and the range of needs that foster homes are able to meet.

Alternative options considered and rejected

9. Do nothing - The Council is exploring the Skyline model before committing to enter into a Partnership Agreement, it would be prudent to explore this option fully.
10. Develop in house provision - The Council has already approved the development of its own residential provision in November 2024 and Project Skyline should be seen as complementary to the Council's own proposal, rather than either being an alternative to the other. Project Skyline aims to provide up to 24 homes for children across GM and the Council's own development provides for the development of 6 homes for children. These figures should be seen in the context of close to 600 children in private sector residential homes across GM and 46 children currently in the care of Bury. One can see that this is the beginning of a broader rebalancing of provision between public and private sector.
11. Furthermore, as part of the plans across GM, Project Skyline envisages developing specialist children's homes for children vulnerable to extra-familial safeguarding risks and with acute mental health/behavioural concerns. This provision would differ from the type of homes that Bury itself would be seeking to establish.

Report Author and Contact Details:

Name: Jeanette Richards

Position: Executive Director of Children & Young People

Department: Children & Young People

E-mail: J.Richards@bury.gov.uk

1. Background

- 1.1 The December 2024 Cabinet Report referenced the negotiations taking place between the Greater Manchester Combined Authority and the 10 GM Councils, in relation to the Partnership Agreement and also provided a brief overview of the inherent risks within the project.
- 1.2 Since the original report to Cabinet there have been further discussions within GM about the Partnership Agreement, the related documentation and a national government announcement concerning their approach to better managing the market for homes for children in care.
- 1.3 As part of its approach to reforming Children's Social Care, *Keeping Children Safe, Helping Families Thrive: Breaking down barriers to opportunity*, the government announced new rules requiring key providers for homes for children in care to share their finances with the government, together with a "backstop" law to put a limit on the profit providers can make, that the government will introduce if providers do not voluntarily put an end to profiteering. In addition, the government also seeks to encourage not-for-profit providers and those backed by social investment to set up homes to strengthen the broader system.
- 1.4 Particularly relevant to the current paper is the stated intention to enable local authorities to set up Regional Care Co-operatives (RCCs) to plan and commission children's social care places regionally. Greater Manchester is one of the two pathfinder pilot areas for this approach, with a focus on delivering against the following requirements:
 - Carrying out regional data analysis and forecasting future needs of homes for children in care, in partnership with health and justice.
 - Developing and publishing a regional sufficiency strategy setting out current provision and action to fill gaps.
 - Market shaping, working as one customer with providers to address local needs, improve value for money and commission the care places required from external providers.
 - Recruiting foster carers through a regional recruitment support hub and improving the support offer to both new and existing foster carers.
 - Developing new regional provision where gaps have been identified, with the DfE providing up to £5m capital funding per pathfinder to support this, alongside pooled
 - Creating the leadership and governance arrangements necessary to allow the RCC to make swift decisions and invest sums of money over the long term.
- 1.5 Greater Manchester as a RCC pathfinder area, with existing programmes addressing many of the areas listed above, including the development of new provision through Project Skyline, is in a good position to lead and inform these national reforms.

1.6 In January 2024 all 10 GM Local Authorities, GMCA and the NHS signed an MoU agreeing the key principles for Skyline, demonstrating the commitment from all parties to deliver the project. The overriding premise of Project Skyline is as follows:

- GMCA will provide upfront funding to purchase and refurbish properties and support mobilisation costs, as required. This funding will be recouped over time once the properties reach full occupancy. The 10 GM Local Authorities will underwrite this upfront funding.
- The GMCA will procure care providers to run the homes. GMCA will lease the homes to the care providers and become the landlord.
- To provide overall governance to the project, a Skyline Board will be formed (as set out in the MoU to provide strategic oversight of the arrangements through dedicated clinical support and engagement with NHS GM colleagues there is already a clear set of principles for the health offer included in the service specification with the Service Provider.
- Staff recruitment – Recognising the staffing challenges facing the residential sector and how critical this will be for the success of Project Skyline work is underway in collaboration with Children’s Homes Association on a dedicated recruitment campaign. Supported by GMCA a skills bootcamp specifically focused on children’s residential care roles is also currently in operation to help connect people that want to work in the children’s residential sector into employment opportunities with children’s home providers.

1.7 The Partnership Agreement is intended to be an overarching agreement which builds on the MoU and sets out the basis for collaboration, roles and responsibilities together with the financial arrangements between the parties. In particular, the Agreement is intended to:

- Identify the collaboration principles the parties are committed to and the governance arrangements for the project, including terms of reference for the Skyline Strategy Group;
- Set out the 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);
- Establish the principles regarding management of the Care Provider Agreements and the level of financial contribution that each local authority needs to make to a Care Provider. In the first year this is shared, once a base line is established the financial contribution will be based on usage for the remaining term of the arrangements unless otherwise agreed by the 10 Local Authorities.
- Note the principle that 10 GM local authorities will share costs and underwrite certain losses incurred by GMCA as a result of its investment in the Skyline homes.

1.7 2. Project Skyline

2.1 Building on one of the central aims of the GM Children in Care Sufficiency Strategy, 'Project Skyline' has developed significantly over the last 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 will run until the end of September 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	# homes & size
1	Complex Care Mental Health Support Homes	4 x 2 Bed
2	Residential Homes supporting younger children with a view to transitioning them back to foster care	2 x 3 Bed
3	Residential Homes supporting older teenagers	2 x 3 Bed
	Residential Homes supporting children / young people at risk of sexual exploitation (CSE)	1 x 2 Bed
	Residential Homes supporting children / young people at risk of criminal exploitation (CCE)	1 x 2 Bed
Total		10 Homes & 24 Beds

2.2 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.

2.3 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.

2.4 Local Authorities, the GMCA and NHS GM signed a Memorandum of Understanding (MoU) 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.

2.5 At GMCA meeting in March 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 Programme Board 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.
- 2.6 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 (it has recently been agreed that this will be Salford) 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.
- 2.7 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 a request to sign off the commitment of resources before the homes open.
- 2.8 A revised Partnership Agreement draft and governance arrangements are available as appendices. Additional changes agreed in principle since December include:
- Project governance and the groups established by the Partnership Agreement have been revised and updated. Decision-making is reflected in the Governance Matrix attached to this Report. Notably:
 - The Skyline Steering Group will provide strategic direction for the Project, including to endorse (or reject) properties for purchase put forward by the Property Strategy Group, to maintain an overview of performance of the Project against its objectives, to maintain an overview of Project financials, to make links with related programmes, to recommend and champion changes that fall outside the delegated authority of Senior Responsible Officers; to provide oversight to feedback to the GMCA Mayor and leaders; and

to be a critical friend for the project team and a point of escalation to guide resolution in the case of dispute.

- There will also be a series of Working Groups:
 - Property Strategy Group as noted above (reports to the Steering Group)
 - Contracts Management Group (reports to Steering Group)
 - Community of Practice Group (to discuss operational issues)
- Each Party to the Partnership Agreement shall be entitled to nominate a representative to each Working Group from time to time.
- Senior Responsible Officers are to be nominated by each local authority with suitable delegated authority to make Project decisions.
- Inclusion of further details about how the selection of suitable properties to become Skyline Homes will be made, the due diligence involved and the process of recommendation from Property Strategy Group to Steering Group to GMCA including the application of agreed Property Selection Criteria. GMCA shall act on recommendations by the Property Strategy Group, approved by the Local Commissioner and endorsed by the Steering Group with a purchase price below the maximum purchase price advised by the Property Strategy Group.
- Noting that properties will be acquired by GMCA prior to obtaining planning permission, GMCA must take all reasonable steps to obtain suitable planning permission after the acquisition of a property.
- On the disposal of properties, GMCA shall (unless otherwise agreed) endeavour to dispose of a property as soon as reasonably practicable and must demonstrate that it has achieved a reasonable market price. The local authority in whose area the property is based will be offered first refusal.

2.9 The following key residual risks within the Partnership Agreement are:

- Properties are purchased before planning permission is obtained, so if planning permission is not obtainable, or refurbishment costs prove to be too expensive, the property is likely to be sold quickly. Any GMCA losses relating to such sale will be borne by the local authorities equally. The introduction of the Property Selection Criteria applied by the Property Strategy Group (approved by SROs from time to time) in identifying properties that are suitable to become Skyline Homes reduces the risk, as does the need to consult with the Local Commissioner on the suitability of the property to be a Skyline Home, including with reference to matters such as local crime data, other developments in the area, and potential difficulties in securing any necessary planning consent or Ofsted registration.
- There is no guarantee that the Council will secure any placements in a Home, while the financial burden of underoccupancy of Homes in any Financial Year is borne by the local authorities. In respect of the first financial year, the current proposal is that underoccupancy will be borne by local authorities according to the local authority contribution rates, and

for each subsequent financial year, the contribution rates shall be calculated based on usage of the Skyline Homes by each Local Authority in the immediately preceding financial year.

2.10 Outstanding areas to be finalised and fed into the Partnership Agreement include:

- Underoccupancy contributions noted in the preceding paragraph.
- the principles which will underlie the role and financial contribution of NHS GM and ensuring the NHS GM contribution over the whole of the period.
- how the rent in Skyline Homes will be set. There is a proposal for discussion and approval by Chief Financial Officers.
- The treatment of any surplus generated from the renting or sale of Homes.

2.11 The following documents will also be required in relation Project Skyline's structure:

- Care Services Agreement

Salford as the lead Authority, is to enter into a care services agreement with each of the successful Care Providers. Pursuant to the care services agreement each Local Authority is entitled to place children in Skyline homes and in order to do so an Individual Placement Agreement will need to be entered into with the relevant provider for each child placed. The care services agreement sets out the key contractual arrangements for the delivery of the residential care services for children and young people including the Individual Placement Arrangements; including but not limited to staffing, homes standard, payments/fees, performance monitoring and social value.

- Individual Placement Agreement

As noted above, this agreement will be entered into between the relevant council and provider in respect of each individual placement of a child/young person and sets out the overarching placement terms and conditions.

- Agreement for Lease

The GMCA will acquire all the properties and will be responsible for securing planning permission, delivery of certain refurbishment works to ensure compliance with all legal and regulatory requirements. Such arrangements are to be set out in an Agreement for lease between GMCA and the service provider and upon satisfaction of the delivery conditions the provider will be able to draw down the lease.

- Lease

The lease is to be entered into between the GMCA and service provider and sets out the terms under which the provider is to rent the property from the GMCA.

3. Links with the Corporate Priorities:

The proposal will support the following key ambitions of the Let's Do It strategy:

A better future for the children of the Borough through providing a wider range of residential placements within the Greater Manchester area, enabling children to remain closer to their home area, enabling links to be maintained and supporting a better quality of life for the children concerned and supporting an acutely vulnerable group of children and young people in Bury.

The clear intention of the Partnership Agreement is for local authorities to work together to enhance the range of residential homes available within Greater Manchester and develop provision that is at a fairer cost to the public purse.

4. Equality Impact and Considerations:

An EIA has been completed and is attached as appendix C

5. Environmental Impact and Considerations:

Depending on Bury's use of the homes there should be a carbon reduction from more residential placements being available within the Greater Manchester area, rather than further afield, due to social workers and other professionals visiting the homes travelling less in their journey's to and from.

Should any of the planned homes be in Bury, similar provisions will exist as for any children's homes operated by Bury council:

- An EPC certificate will be sought from the vendor of the property.
- Any modifications to properties will comply with Nationally Described Space Standards (NDSS) and Building Regulations M4(2)
- Carbon Management Plan will be put in place for each of the properties to focus on energy efficiency of the buildings and ongoing operational carbon.

6. Legal Implications:

6.1 A signed Memorandum of Understanding (MoU) is in place which sets out the principles of the intended legal relationships between the various parties including 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. The MoU is not legally binding.

6.2 The Partnership Agreement with the other Local Authorities in GM, the GMCA and the NHS GM sets out the basis of collaboration and the roles and responsibilities of the parties including comprehensive governance arrangements which are set out in the attached governance matrix. It also details the financial arrangements between the parties and potential liabilities which are set out in more detail above.

6.3 Care providers are being procured by GMCA via a compliant competitive dialogue process. A lead authority will contract manage this framework on behalf of the other Greater Manchester Local Authorities. It is intended that each Local Authority will be able to draw down from the framework, entering into an individual placement agreement directly with a provider to provide care services. Although there is no obligation to draw down from the framework, once it has done so it will become responsible for its relationship with the relevant care provider together with associated costs, and it will enter into individual placement agreements for individuals placed with that care provider.

7. Financial Implications:

The financial commitment is a made up of a placement fee (payment to the care provider) and a property payment to the GMCA for them to recover their acquisition, refurbishment, mobilisation and management costs that will be incurred as part of the programme. The detailed financial implications for the council will depend on the level of placements that we make into the homes, and the comparative cost that would have been incurred in making a placement with a private sector home, along with under-occupancy in the homes being kept to a minimum to reduce the risk of void payments being incurred. The financial impact of the implementation of the project will be tracked in detail and reported through the in-year quarterly reporting to Cabinet with any ongoing impact then reflected in the medium term financial strategy.

Appendices:

Appendix A – Independent Review of Children’s Social Care, Chaired by Josh McAlister [Independent review of children's social care - final report](#)

Appendix B: [Keeping children safe, helping families thrive](#), DfE, November 2024

Appendix C – Equality Impact Assessment: [241219_EQIA_Project Skyline_Signed Off.docx](#)

Background papers:

Project Skyline Partnership Agreement: [PartnershipAgreement.docx](#)

Project Skyline Governance Matrix: [Governance matrix.docx](#)

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
DfE	Department for Education
GM	Greater Manchester
GMCA	Greater Manchester Combined Authority
ICB	Integrated Care Board
MoU	Memorandum of Understanding
PA	Partnership Agreement
RCC	Regional Care Cooperative