

London Borough of Waltham Forest

Report Title	London Secure Children's Home Proposals – Update	
Meeting / Date	Cabinet, 7 th October 2025	
Cabinet portfolio	Councillor Ahsan Khan, Deputy Leader (Housing and Regeneration)	
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Wards affected	Lea Bridge Ward	
Public access	OPEN except for Appendix 1 which is EXEMPT in accordance with Section 100 (A-H) of the Local Government Act 1972 and Schedule 12A as amended, on the grounds that it involves the likely disclosure of exempt information as defined in Part 1, paragraph 3, as it contains information relating to the financial or business affairs of any particular person (including the authority holding the information) and disclosure would not be in the public interest	
Appendices	Exempt Appendix 1 – Draft DfE Capital Delivery Business Case Appendix 2 – Equalities Screener	
1.	Summary	
1.1	The London Secure Children's Home (LSCH) is a proposed new residential provision to be located at the current Thames Water Depot site on Lea Bridge Road, which is on the Waltham Forest/Hackney border. It will be a multi-authority owned provision that will prioritise children from all London boroughs.	
1.2	The intention is for the provision to provide residential, specialist care, education, health, leisure, and wellbeing services for some of London's most vulnerable children. There is currently no provision of this kind in London.	
1.3	London local authorities (LAs) will oversee and share the responsibilities of running the new service via a company that will be wholly owned by the authority's, referred to in this report as the Pan London Vehicle (PLV). In 2022 the council agreed, in principle, to become a member of the PLV.	
1.4	Since 2022, the capital delivery element of the project, which relates to building design, planning and construction works (design and build), has	

been managed by another local authority. In August 2024, a decision was taken to delay the planning application for the development due to the need for further design work and the need for London Councils and London LAs to review the project delivery approach in partnership with the Department for Education (DfE), who is the capital delivery funding body.

- 1.5 An outcome of that review was a proposal for London Borough of Waltham Forest Council's capital delivery team to join the project as development manager to lead the project's design and build workstream due to the proposed site being located within the borough and its strong track record of capital delivery. This represents an opportunity to ensure this strategically important pan London scheme is built, subject to planning permission and future governance, and that quality, cost, programme and engagement related to this are well managed throughout the process through the council taking a direct lead over the design and build.
- 1.6 Following the completion of a comprehensive review of the proposed scheme assessing the design, costs, procurement strategy and delivery route, Cabinet approval is sought for the council to take on the role of development manager. This involves leading on the design and build of the scheme on behalf of London LAs and the DfE and in partnership with the London Councils project team.

2. Recommendations

2.1 Cabinet is recommended to:

- 2.1.1 Agree to the council taking on the development manager role to design and build the LSCH, details of which are set out in paragraphs 3.10 - 3.11, working alongside the London Councils project team to deliver the project on behalf of London LAs.
- 2.1.2 Note that, as per paragraphs 7.1 - 7.6, although design and build costs will be met through grant funding provided by the DfE, taking on the development manager role does have an element of capital cost risk. The councils continuing role as development manager is subject to the London LAs entering into legally binding agreements with the council to share the residual capital costs and these agreements would need to be entered into before the main works contract is signed.
- 2.1.3 Agree an initial project delivery budget of £3.7m to cover design, technical and other consultant fees, surveys and staff costs. These costs will be fully covered by the DfE.
- 2.1.4 Delegate authority to the Corporate Director of Capital Strategy & Delivery:
 - To proceed with the procurement of design and technical consultants required to complete the project; and
 - To award contracts.

- 2.1.5 Delegate authority to the Strategic Director of Place in consultation with the Strategic Director of Resources and the Corporate Director of Governance and Law to enter into any legal agreements with the DfE and other LAs in relation to the design and build arrangements for this scheme, including for cost risk sharing.

3. Proposals

- 3.1 Local authorities have a multitude of statutory responsibilities in relation to children and young people. One statutory duty is to ensure there is sufficient and suitable local accommodation to meet the needs of children and young people in local authority care. For many reasons, London local authorities, including Waltham Forest, are finding it difficult to meet this sufficiency duty; one reason being the serious national shortage of welfare placements in secure children's homes, exacerbated by the fact that there is no provision of this kind in London. Local authorities place children and young people in secure children's homes on welfare grounds, when they are a significant risk to themselves or others, and no other type of care placement can meet their complex needs and keep them safe.
- 3.2 As there is currently no provision of this kind in London, children who need this specialist service are being relocated outside the capital, sometimes hundreds of miles away from their families, carers, communities and any pre-existing support they may have. Additionally, some of these children are being placed in less suitable accommodation that is not designed to meet their complex needs.
- 3.3 The LSCH project was established to address this sufficiency issue following the Government's announcement, in 2021, that it would be funding the creation of new secure children's home provision in London.
- 3.4 A team in London Council's works on behalf of London LAs to manage, oversee and coordinate the project to ensure it delivers the intended outcomes and benefits for London. London Councils also leads the delivery of all workstreams related to the PLV and LSCH operating model, service design and implementation, and any other work related to the ongoing operational management of the LSCH once built.
- 3.5 Based on current proposals, the LSCH will provide secure care for up to 24 children and a community reintegration home for up to 4 children who no longer need to live within a secure environment but will need a period of extra care and support to help them achieve a positive transition back into the community.
- 3.6 As development manager leading design and build, the council would work in partnership with London Councils to deliver this strategically important project for London.

- 3.7 The Thames Water Depot site on Lea Bridget Road on the Waltham Forest/Hackney border was formally announced as the proposed location for the LSCH at the beginning of 2024 when the first round of public pre app consultation for the development was launched. The site is owned by the Ministry of Housing, Communities and Local Government, which is the legal entity for all government held property and is managed by the DfE. The site is currently used by Thames Water's subcontractors as a storage site and is designated Metropolitan Open Land (MoL).
- 3.8 The proposed scheme has already been the subject of extensive pre application consultation with the Local Planning Authority and Greater London Authority and there has been an initial round of public pre application engagement with the local community to receive feedback on the design proposals.
- 3.9 In August 2024, a decision was taken to delay the planning application for the development. This was due to the need for further design work and to allow for London Councils and London LAs to review the project delivery approach in partnership with the DfE. An outcome of that review was a proposal for London Borough of Waltham Forest Council's capital delivery team to join the project and act as development manager, leading the project's design and build workstream.
- 3.10 The development manager role would entail the council taking on the design and build of the LSCH. The role involves overseeing design development, submitting the planning application, procuring a main contractor and project management of the main works contract to ensure the scheme is delivered in line with requirements.
- 3.11 Following completion of construction and the defects liability period, the council's development manager role would end. The development manager role of the council is distinct and separate from any future role the council may have as member of the PLV, which will be responsible for the ongoing operational management of the LSCH once built.
- 3.12 In early 2025, funded by the DfE, the council commissioned external expert advice to review the capital delivery risk profile of the proposed scheme and to inform the decision on whether or not to take on the development manager role. Through this process the council has assessed the design, costs, procurement strategy and delivery route. The review identified risks, but substantial work has been undertaken to set out how these could be mitigated.
- 3.13 The DfE Draft DfE Capital Delivery Business Case (Exempt Appendix 1) sets out the council's approach to taking on the development manager role. It details the council's experience and how it intends to lead the design and build of the scheme and how it would mitigate or best manage identified risks.

- 3.14 This is an opportunity for the council to take full control of the design and build of a scheme within the borough which is sensitive in nature from a service perspective and from a site and planning perspective. The council has the skill set and experience to take this scheme on, which is evidenced in the Draft DfE Capital Delivery Business Case.
- 3.15 The scheme has the potential to have a transformational impact on the Lea Bridge ward and the south of the borough more generally. This both in terms of driving inclusive growth via an exemplar design and supporting the development of an inclusive economy in terms of jobs created for local people during the construction and operational phases.
- 3.16 The financial implications for taking the scheme on are set out in section 7. The DfE will fund all costs for design and build of the scheme, subject to the DfE's change control process (see paragraph 7.2), including the council's staff costs.
- 3.17 Subject to Cabinet approval for taking on the development manager role the next steps will involve procuring and appointing the requisite consultant team and working on a design and build programme. A further Cabinet report is expected later next year and will set out further approvals to progress with the main contractor procurement.

4. Options & Alternatives Considered

- 4.1 The council could decide not to take on the development manager role and lead the design and build of the scheme. The risk of not taking on the role would further delay the delivery of this strategically important pan London residential provision and the due diligence review of the scheme undertaken has satisfied the council that the risks identified of taking on the scheme can be mitigated.

5. Council Strategic Priorities (and other National or Local Policies or Strategies)

- 5.1 Taking on the development manager role and ensuring the facility is delivered directly aligns with principles set out in Mission Waltham Forest, in particular the mission to build an economy that works for everyone and to ensure every family and every child are given every opportunity.
- 5.2 The scheme will be built to high design standards, create new jobs both in the construction and operational phase and social value will be generated through all the main consultant and main contractor contracts.
- 5.3 The scheme will contribute to the strategic priorities set out within the Council's Local Plan.

6. Consultation

- 6.1 The council has consulted extensively with the DfE and London Councils over the past six months to help satisfy itself that the decision to take on the development management role is the right one. A series of meetings and workshops have been held to explore all areas of the project including cost, programme, design and risks.
- 6.2 Internal consultation has been held across the council including with Finance, Procurement, Communications, Legal, Senior Leadership Team and Place Board. An internal Project Board has been established to help inform the council's decision and to provide oversight and proper governance.
- 6.3 There has been extensive public engagement undertaken on the design proposals to date which has involved London Councils. This has included one public engagement event along with meetings with key internal and external stakeholders.
- 6.4 With the council taking on the development manager role, a key part of progressing with the scheme will be developing a robust communications and engagement strategy and this will involve further public consultation on the proposals prior to submitting a planning application.

7. Implications

7.1 Finance, Value for Money and Risk

- 7.1.1 The proposed decision (recommendation 2.1.3) within this report for the initial project delivery budget of £3.7m to cover design, technical and other consultant fees, surveys and staff costs are fully funded upfront by the DfE. There is no required funding from the general fund and any future funding requirement will be subject to a separate decision.
- 7.1.2 The council's red line for taking on the development manager role of the London Secure Children's Home (LSCH) was to ensure it wasn't exposed to any undue capital cost risk. The scheme is a pan London facility and therefore any residual capital cost risk, i.e. those which cannot be covered by the DfE, must be shared equally between all participating London boroughs.
- 7.1.3 The DfE has provided assurance that, subject to costs being assessed and agreed by the department, it will provide the capital funding required to complete the build of the LSCH, including a client side contingency allowance for the council in the event that construction costs exceed the original contract sum. The DfE has acknowledged, through its new guidance on cost risk and assurance, that there may be 'circumstances, unexpected or unforeseen events' that 'may lead to cost increases beyond the budget allocation' so a change control process has been developed by the department which the council, as development

manager, may use to apply for additional capital funding to ensure it is not exposed to undue risk.

- 7.1.4 The department's new guidance also states that 'funding above and beyond the allocated client-side fixed allowance will be considered by the department in exceptional circumstances where the event that led to the cost increase was genuinely unforeseeable and outside of the local authority's control and where the lack of funds would impact on the construction activity, rendering the project and new build undeliverable'.
- 7.1.5 Although the DfE's approach to capital cost risk and assurance provides a significant level of protection for the council as development manager, the DfE cannot confirm open-ended acceptance of all capital cost risk.
- 7.1.6 Whilst the risk is very low, this leaves the council with some residual capital cost risk if costs exceeded the client-side contingency and the DfE refuses to approve any additional funding via their change control process. Given the wording of the DfE's approach to capital cost risk document it's difficult to envisage a situation where this would occur, however the risk still remains. The council therefore has looked to share this residual risk with the other participating London boroughs. This approach to residual capital cost risk share has been agreed, in principle, by members of The Association of London Directors of Children's Services (ALDCS) on behalf of their local authorities. This in principle agreement was given on the basis that the cost risk be quantified and included in the legal agreements between the council and other London LAs and will be subject to formal consideration and approval by each participating borough through their normal governance arrangements. This formal decision by each council will be taken ahead of the London Borough of Waltham Forest Council entering into the main works contract. If agreement isn't reached with the boroughs to share the cost risk then the council will not be able to proceed with the project. In this event a paper will be brought back to Cabinet with an update.
- 7.1.7 It is essential that the principle of sharing this residual capital cost risk is agreed and embedded into legally binding agreements prior to signing the main works contract. The council would not proceed as development manager if this residual cost risk cannot be shared across the participating London boroughs.
- 7.1.8 The DfE will fund the entirety of the design and build of the scheme including the council's staff costs and this will be approved at set Gateways through the design and build phases of the scheme and as part of the DfE capital delivery business case submission and approval.
- 7.1.9 The material value of the design and build of the scheme means that there could be a financing cost to the council in relation to temporary borrowing, due to potential timing differences between payments due to contractors ahead of funding received. To mitigate this, the DfE have proposed that payments can be made promptly as soon as invoices are

received and validated by to ensure the council is paid within the period prior to having to pay suppliers. Assurance has been requested regarding the DfE's turnaround of payments and up front evidence requirements to prevent delays. The impact/risk will occur at build stage and is likely to be immaterial, but we will quantify potential impact of delays.

- 7.1.10 The operational running and associated financial model of the facility are out of scope of this decision and is being managed by London Councils. It should be noted that having a provision of this type in the council's boundary, could cause pressures in this council's Children's Social Care department due to its statutory safeguarding role as Local Authority Designated Officer (LADO) and this is being considered as the operational elements evolve (led by London Councils and the council's Children's Social Care department).

7.2 Legal

- 7.2.1 The council has various relevant duties under the Children Act 1989 including a duty under section 20 to provide accommodation for any child in need within their area who appears to them to require accommodation.
- 7.2.2 The council has the necessary legal powers to take on the development manager role for the design and build of the LSCH including under the Localism Act 2011 and the Local Government Act 1972.
- 7.2.3 Procurement of the design team and subsequently a design and build contractor must be carried out in accordance with the Procurement Act 2023 and the council's Contract Procedure Rules.
- 7.2.4 Where possible the relationships between the council and the other involved parties including DfE, London Councils and the other London LAs will be covered by agreements to ensure that the interests of the council are protected. If the council cannot enter into the legally binding agreements it requires to share the risk then the project will not proceed.

7.3 Equalities and Diversity

- 7.3.1 This Cabinet paper is focused on the council's delivery of the design and build element of the LSCH. However, it also has a vested interest in the project as one of the 32 London borough's due to use the provision once in place.
- 7.3.2 The proposed LSCH is aimed at improving a range of positive outcomes for London's most vulnerable children and young people, including health and education. The current arrangements for secure welfare provision are exacerbating poorer outcomes for this group, particularly those from black and mixed or multiple ethnic backgrounds who, based on Pan-London analysis, are overrepresented in secure welfare provision.
- 7.3.3 In partnership with other London local authorities, the council will design the SCH provision, and any other services developed and managed

through the PLV, to ensure the specific needs of the council's children and young people are taken into consideration.

- 7.3.4 As part of the work to develop the new SCH provision and other PLV services, an Equalities Impact Assessment will be undertaken to consider the impact of these services on children, young people and their families, in terms of protected characteristics.
- 7.3.5 Any consultation responses received as part of the EIA that raise matters related to equalities, diversity and inclusion will be addressed in the final service delivery model and kept under review, this includes any impacts to staff.
- 7.3.6 An initial screening exercise of the equality impact of this decision was undertaken and determined there was minimal impact on the council's equality duty (see Appendix 2).
- 7.4 Sustainability (including climate change, health, crime and disorder)
 - 7.4.1 The site is designated as MOL. However, it is a hard standing area currently used by Thames Water as a storage depot. The LSCH proposal will see this replaced with a new, sustainable building including large areas of green space and soft landscaping. The landscaping, trees, shrubs and pond areas will positively contribute to the sites Biodiversity Net Gain.
 - 7.4.2 The council and DfE are targeting BREEAM 'Excellent', certification afforded to the top 10% of new buildings. BREEAM assesses projects and buildings through a number of measures including carbon reduction, sustainable transport, reducing operational costs, energy, water, resilience, land use and pollution.
 - 7.4.3 The building design will look to maximise carbon reduction measures including PVs on roofs, water attenuation and air/ground source heat pumps. Furthermore, additional design features will be explored such as:
 - (a) Minimising overheating through building orientation and shading.
 - (b) Maximising fabric efficiency using the energy hierarchy.
 - (c) LED lighting.
 - (d) Opportunities for reusing materials on site.
 - 7.4.4 Options for modern methods of construction, such as Cross Laminated Timber, will also be explored with the design team.
 - 7.4.5 While not possible to completely eliminate car use, on site car parking will be limited to encourage staff to use sustainable forms of transport.
 - 7.4.6 The LSCH is a secure facility and as such will be designed in a way to limit access to the building to only those that need it. The site boundary treatment will be carefully considered, as will the external of the building. A security strategy will be devised and implemented.
 - 7.4.7 The building will have an extensive internal and external CCTV and security systems linked to the Metropolitan Police. There may also be a need for on site security.

- 7.4.8 The building design will be aimed at providing a safe and secure environment for young people and staff. Limiting opportunities for crime such as avoiding projections, installing security rated doors and windows, high perimeter walls will all be required.
- 7.4.9 The Metropolitan Police has already been consulted on the proposal and will continue to be engaged throughout the design process. The final design will need to be approved by Secure by Design as part of the planning process.
- 7.4.10 The LSCH will provide some of London's most vulnerable children with the help and care they need in a safe and secure environment. This provision includes for residential, specialist care, education, health, leisure, and wellbeing services.
- 7.4.11 The LSCH will have on site primary healthcare provision, provided by NHS North East London Integrated Care Board. Discussions have taken place regarding the design and integration of this service with the rest of the on site provision and will continue as the design develops and the building becomes operational.
- 7.4.12 With potential for over 200 staff working from the LSCH the new provision will contribute to boosting the local economy through job creation. The council can look to link residents with new jobs through its job brokerage service.
- 7.4.13 While the council will not run and operate the LSCH itself, with the provision being in the borough it will have a general duty to ensure the health and wellbeing of users.
- 7.5 Council Infrastructure
 - 7.5.1 It is proposed that the project be led by the council's Capital Delivery team with support from colleagues across the council including Finance, Procurement, Legal, Communications, Regeneration and Children's Services.
 - 7.5.2 The council has submitted a proposed Resource Plan to the DfE and is waiting for feedback.

Background Information (as defined by Local Government (Access to Information) Act 1985)

None.