

# ACQUISITION PROPERTY IN ABERGAVENNY TO PROVIDE A REGISTERED SUPPORTED LIVING ACCOMODATION

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**SINGLE-STAGE BUSINESS CASE - MEDIUM VALUE AND RISK - (£250K TO £2  
MILLION VALUE OF PROCUREMENT)**

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**Consultees:**

- Councillor Ian Chandler, Cabinet Member for Social Care, Safeguarding and Accessible Health Services
- Nicholas Keyes, Estates Development Manger
- Tyrone Stokes, Finance Manager
- Diane Corrister, Head of Children's Services
- Scott Hereford, Residential and Resource Service Manager
- Sam Mills, Regional Project Manager
- Isobel Preece, Project Officer
- Kevin Fortey, Housing with Care Fund Project Manager, Regional Partnership Board

## **1 INTRODUCTION**

Children's Services seek approval to acquire a property in Abergavenny to provide a supported lodgings/accommodation provision for 5 Monmouthshire care experienced young people aged 16-21. This provision would support good outcomes for children looked after and those young people preparing to leave care. Additionally, the resource would support the Council's commitment to work towards the eradication of profit from the care of Children Looked After, in accordance with the Health and Social Care Bill.

Monmouthshire currently has one Local Authority-owned supported accommodation property and requires a further facility to increase the availability of suitable placements for young people in keeping with their individual needs and to reduce our reliance on third party providers.

The property has sufficient space for five bedrooms together with adequate provision for sleeping-in arrangements for support staff. There is sufficient communal space for recreational activity and there is an accessible rear garden that we intend to develop to include outdoor social areas and growing spaces for the young people to use.

The property is located in central Abergavenny, within walking distance of a range of local amenities, employment and training opportunities. Being located within Monmouthshire, the young people living there will be able to have good connections with their families and communities and good access to community-based resources.

The proposed use of the property is to accommodate 5 young people aged between 16-21 for a transitional period to assist in their step-down from more intensive care and support. The provision will provide medium to high level of support in a homely setting, to assist and equip the young people with the skills required to live more independently. The provision will support a young person's pathway to independence.

Alongside of acquiring and repurposing the property, the intention is to seek to commission and enter into a contract with a suitable external provider that has experience of providing accommodation-based support to young people. This will be achieved through an open procurement process and will be evaluated on both quality-of-service provision (65%) and cost (35%). Procuring an experienced post 16 - plus support provider will enable the service to co-develop individualised support plans relevant to the needs of the young people.

Developing a council owned supported accommodation provision managed by a suitable external provider is in keeping with the Welsh Government policy to eliminate profit from children's care and is important next step in the Council's desire to increase overall sufficiency of placements for children.

This business case therefore seeks approval to:

- To acquire and refurbish the property for the purposes of developing a supported accommodation provision for care experienced young people.
- To acquire and refurbish the property through drawing down up to £1.35m from the £3m borrowing headroom agreed at Full Council meeting 18<sup>th</sup> April 2024 under a 10-year term, subject to an anticipated successful capital grant application.
- To submit an Integration and Rebalancing Capital Fund (IRCF) / HCF application to the Regional Partnership Board for the entirety of the capital expenditure associated with the acquisition and subsequent redevelopment of the property.
- To enter into a contract with a suitable external provider to provide the housing-based support for young people residing at the property.

This business case is set out within the context of the decisions made at full Council 18<sup>th</sup> April 2024 regarding proposals for the overall development of children's residential and 16+ supported accommodation placements, subject to appropriate business cases and cabinet approval.

It was also agreed that progress against the decisions made by Cabinet will be reported to the Performance and Oversight Scrutiny Committee on a 6-monthly basis. The last update was scrutinised at committee on 8<sup>th</sup> October 2024.

## **2 STRATEGIC CASE**

### **2.1.1 Context**

Aligned to its Corporate Parenting responsibilities, under Section 75 of the Social Services and Wellbeing Wales Act the Local Authority has a legal duty to ensure that there are sufficient and appropriate placements for children who are Looked After.

There is a national shortage of residential placements for children and young people aged 16 plus. This has been exacerbated by an insufficiency of local authority foster placements, and more recently by the instability of the private provider market following the Welsh Government policy initiative to drive profit out of children's care.

Within Monmouthshire, this lack of available placements applies also to supported accommodation provision which is used to support care experienced young people aged 16 plus who are on their pathway to increased independence.

Such provision that is available, is quickly saturated because of difficulties in securing move-on accommodation given the wider context of housing issues within the county and the shortage of affordable housing. A lack of throughput across the system can mean that young people remain in foster care or residential settings for longer than is in-keeping with their need for increased independence; and simultaneously blocks placements for other children.

The current shortage of and increased competition for available local placements combined with an over reliance on the 3rd sector is creating numerous pressure and risks for the Council including:

- Financial pressure because of the cost of spot-purchased placements.
- Young people being placed away from their communities and support networks, creating barriers to independence and unnecessary change for young people.
- Variable quality in terms of achieving good outcomes for young people in respect of ensuring that they have been afforded opportunities for skill development.
- Risks of not being able to find a placement for a child / young person resulting in the need to enter into placement arrangements that our outside Welsh Regulations (OWRs).
- Risk of a young person being placed somewhere that is beyond their capabilities.
- Workforce pressure because of children / young people being placed in numerous different locations; the time it takes to source external placements; and the psychological impact of working in a context where placement insufficiency is a day-to-day risk factor.

### 2.1.2 Current Progress

The current ambition, as set out in the report presented to Council on 18<sup>th</sup> April 2024 is to significantly increase the number of all in-house placement types in various parts of the County over the next 1 – 3 years. This will ensure that the individual needs of children can be appropriately and consistently met with increased opportunity to be placed closer to their homes and communities. Increasing the number of placements that are within the control of the Local Authority will also enable increased stability and certainty in our wider care planning for children and young people and supports enhanced integrated working and quality oversight of the care that is provided.

Over the last year, we have continued to forge excellent relationships with our internal estates team, utilising their skills, knowledge and expertise to ensuring we deliver high quality services. Equally, developing partnerships with 3rd party support provider, particularly for supported accommodation provisions, is supporting the care sector more widely as well as ensuring that the service has sufficient capacity to focus on the development of an in-house residential provision.

#### Key developments since April 2024

Provision Type	Progress	Cost
Monmouth (4 bed residential children’s home)	Refurbishment works are due to commence early January 2025 will a leading time of 12-	HCF approved grant to cover the acquisition and refurbishment costs

	14 weeks. Recruitment of the workforce has commenced. Anticipated opening is April / May 2025	
Caldicot (4 bed residential children’s home)	Design and technical element currently being finalised.  Proposed completion date of late Autumn 25.	The property is owned by Pobl who will apply for an IRCF grant via the regional partnership board to cover the refurbishment costs. The property will be leased to the Council.
Caldicot (5 bed supported accommodation, with a 3 <sup>rd</sup> sector provider providing the care and support)	Service opened in November 2024.	MCC owned existing asset. Refurbishment works were covered by an approved HCF grant application

Our current commissioning data confirms that to ensure sufficiency of appropriate placements at least 17 further placements that are suitable for young people aged 16+ are needed, 5 of which would be achieved through the acquisition and refurbishment of the property.

Our priorities going forward are to deliver on all of our current projects to ensure that we have a suite of options and services available to meet the needs of our young people as set out within the agreed residential implementation plan.

## **2.2 Case for Change**

### ***2.2.1 Spending and service objectives***

The development of the property in Abergavenny as a supported lodgings accommodation is in keeping with the Council’s objective to provide placements closer to home and is aligned to the current Welsh Government commitment to eliminate profit from children’s social care. Equally, the development will promote the service objective to ensure that young people leaving care have the right level of support available to them aligned with their individual needs and care pathways.

The cohort of children transitioning out of care in Monmouthshire have a range of needs that require a variety of accommodation and support options. The care and support plans bespoke to each young person post 16 should balance any safeguarding issues as well as supporting the young person to develop the skills they will need to live successful, happy and safe lives on their own terms as young adults. The type and level of support that each young person requires will be influenced by issues such as what brought them into care; their experiences whilst in care; their exposure to adversity, harm or abuse; their individual learning needs and stage of development; and the opportunities afforded to them to build personal resilience and independence.

For some young people, leaving the relative safety of a child's placement can be a huge step – to help them navigate this change successfully they require the 'stepping stone' of a supported environment. Other young people may well feel they have outgrown a child's placement but not yet have the skills to adapt to living without considerable and specialist support. The additional levels of support that these groups of young people require to achieve independence were not available within the council's existing provision. The new facility in Caldicott now provides an option in the South, however, such a facility is also required in the North.

Therefore, one of the central objectives of the current development is to fill the gap in our existing provision by supporting young people who have medium to high support needs.

Primarily the development will meet the needs of children looked after who are:

- Aged 16+ and transitioning out of residential or foster care and require a stepping-stone to independent living; or
- Aged 16+, and where current models of accommodation / support are deemed unsuitable due to their risk factors or level of support required.

The needs profile of young people will feature multiple needs including but not limited to:

- Trauma / Adverse Childhood Experiences (ACEs)
- Attachment difficulties
- Linguistic barriers
- A limited support network outside of professional support
- Risk taking behaviours
- Vulnerable to exploitation (including risk of domestic abuse, financial, criminal or sexual exploitation)
- Additional complex needs including poor physical or mental health, or substance misuse.

The overall aim of the service is to reduce young people's support needs and prepare them for increased independence. The service will deliver medium to high support to these young people with support workers on site and available twenty-four hours a day. As described, the young people will have a range of support needs, some of which will be complex and require enhanced accommodation-based, transitional support. The support offer will be person centred and outcome focused. The aim will be to develop the young person's capacity to live independently so that they are able to step down to alternative suitable accommodation by the age of 18 when safe and appropriate to do so, and if not at least before their 21st birthday. Supporting skill and knowledge development will include:- developing resilience and problem solving, making informed decisions, practical skills in day to day living and budgeting, pursuing goals in education or employment, managing external interactions and building support networks.

Successful deliver of the project will:

- i) Provide a relatively small-scale provision exclusively for Children Looked After (between 16 – 18 years old) or young people aged between 18 – 21 years old who have previously been looked after. It will provide for a cohort of care experienced children who have medium to high support needs.
- ii) Support a cohort of young people stepping down from residential and /or foster care who may be at risk of eviction and homelessness early into their transition out of care because of not being able to sustain a tenancy, or safeguarding concerns arising due to the support levels not being adequate.
- iii) Allow young people who may not be suitable for the existing provisions to have the opportunity to step down from residential and/or foster care safely as part of their preparation for independence, rather than remain in placements which no longer best meet their needs.
- iv) Allow young people to be given the best opportunity to prepare for independence and increases success of maintaining their tenancy in more independent living arrangements, prior to 18 wherever possible, and if not then at least prior to them turning 21.
- v) Allow a safe movement of children within and through the care system from provisions that are no longer proportionate to their needs, allowing these to be made available for other young people who require this.

Accommodation based support for young people who are aged over 16 does not come under RISCA regulations and therefore there is no requirement for it to be a registered provision. It is proposed that the support element of the service will be provided by via a contract with a 3<sup>rd</sup> sector provider.

The refurbishment of the property is required in order to provide safe and appropriate accommodation in accordance with statutory frameworks. Each of the 5 young people will have their own bedroom with access to 3 shared bathrooms. The property will have a large kitchen-diner area with a further 2 communal lounges for the young people to utilise. There will be a staff bedroom/office located on the first floor. The intention is to create a homely environment with access to shared facilities and communal spaces for recreational activity and to facilitate positive peer relationships. There is accessible outdoor space with a rear garden that we intend to develop to include outdoor social areas and growing spaces for the young people to use.

The building is situated close to the town centre and within walking distance of a range of local amenities and community-based resources, as well having good public transport links. Being located within Monmouthshire the young people living there will be able to have good connections with their families.

Whilst the aim is to create stability, the nature of the project is that young people will move on at different times and that the make-up of the household will change over time. Each change or move would be planned and matched to ensure that young people would only be placed in the property if it was the right placement both for them and the other young residents already there.

In summary, the primary objective of the Business Case is for up to 5 young people to be suitably matched and to be enabled to live comfortably and well in the property for as long as it meets their individual pathway planning needs.

The business case aims to achieve the following service improvements:

- To increase the number of young people who are placed closer to their homes and communities and in a way that meets their personal outcomes and care planning needs.
- To improve services for care experienced young people through ensuring that there are appropriate placements available to them which enable them to develop their independent living skills in a safe and supportive environment.
- To allow the Council increased autonomy in care planning and matching decisions for all children who are looked after.
- To secure better value for money and the potential to reduce revenue costs associated with the current arrangements.
- To improve welfare considerations and efficiencies for the children's services workforce due to reduced travel time.
- To support the Council to meet legal and regulatory requirements under SSWBA regulations.

### **2.2.2 Existing Arrangements**

All children who are looked after have an allocated social worker and a care plan which sets out their individual outcomes within the context of

- i) why the child needed to come into care;
- ii) the primary purpose and objective for the time that they are in care;
- iii) how their family and community relationships will be maintained and developed;
- iv) their educational arrangements; and
- v) their pathway plan to leave care.

The pathway plan assessment informs the young person's pathway post 16 and sets out what support a young person will receive as part of their pathway to independence. Pathway planning for a child who is in care commences when they are 14 years of age. Pathway planning includes active consideration by the allocated social worker as to what support the child / young person will require to develop age appropriate self-care and independence skills; together with some agreed personal outcomes and wellbeing goals around accommodation options, connection with family and other networks, levels of support, education



/ employment and so forth. From the age of 15½, a child is allocated a Personal Advisor who supports the pathway planning process jointly with the social worker. In some situations, particularly when it is something the young person wishes, pathway planning opens up further consideration as to whether it is safe and possible for the young person to return to live with their families. Where this is not possible there are currently a number of different options available as described below, which vary in terms of the type of accommodation and the level of support provided.

The current accommodation and support models available to care experienced young people (aged 16 – 21 years old) in Monmouthshire are:

- **When I am Ready placements** – this options allows a young person to remain in their previous foster placement. The foster-care receives a payment from the Local Authority and technically becomes the landlord. The model of care can transfer over any time after the young person’s 16th birthday. Given that the young person can remain in the placement post 18, this can provide continuity for the young person. The scheme has not seen a huge take up from foster carers, primarily as it limits their ability to foster.
- **Independent Living** – is when a young person takes on their own tenancy independently, including a local authority or housing association tenancy, private tenancy, accommodation provided by a college or university, and house sharing
- **Low level supported accommodation** - At present the Council has 2 provisions accommodating our Unaccompanied Asylum-seeking Children aged 16 plus. The accommodation and (low level) support element are provided by an external provider and offers floating support Monday to Friday, and access to an off-site house manager outside of this time. There is one 5-bed provision in Newport and one 4-bed provision in Cardiff.
- **Semi-independent / Transitional Accommodation** – this is provided via supported hostels with self-contained accommodation and low to medium support for young people aged 16 – 24 including those with care experience or young people who are homeless. There are three provisions in Monmouthshire that we use for our 16 plus young people.
- **Supported Accommodation** – The Council currently has one facility (situated in Caldicot) which provides a homely setting for 5 young people with 24-hour support that assists the young people to develop their independent living skills. The aim of the provision is to equip the young people to progress onwards to accommodation with a lower intensity of support or into independent accommodation.

As at 12.11.2024 the authority had 66 children/ young people who are currently being accommodated in residential care homes or with foster carers who are 16+ or who will be turning 16 in the next 2 years. Based on an understanding of their current care and support needs, many of these young people will require a step-down provision with medium to high support (such as the current project) to support them with their transition out of a care environment.

This table shows the placement types for the current 14 plus cohort of young people.

Placement Type	Children and Young People Placed in County	Children and Young People Placed Out of County	Total Number of Children and Young People
Monmouthshire Foster Carer	2	6	8
Independent Foster Carer	3	7	10
Monmouthshire Kinship Carer	7 (Includes PWP)	11 (Includes PWP)	18
Residential Care	6	11	17
Semi-independent/Transitional Accommodation	13	0	13
<b>Total</b>	<b>31</b>	<b>35</b>	<b>66</b>

Out of the above numbers 41 young people are already aged 16 or over.

These young people are currently being accommodated in various placements type.

- 13 young people in UASC accommodation provisions
- 2 young people in supported type accommodation provisions
- 9 young people in residential accommodation
- 4 young people accommodated by an IFA.
- 4 young people are with LA foster carers.
- 4 young people are with kinship carers.
- 5 young people are placed with a person with parental responsibility

### 2.2.3 Business Needs

Where we are now	ESSENTIAL Objectives of Business Case
Monmouthshire does not have sufficient existing local authority owned medium to high supported lodgings placements	To develop a medium to high supported lodgings provision for up to 5 young people
Provider fees for young people in residential or IFA provisions are negotiated on an annual basis	To reduce dependency on external provision and external fee-setting [in the context where a national lack of placement sufficiency is driving costs]
Young people do not always have the opportunity to fully develop independent living skills in an appropriately supportive environment	To offer a stable, consistent environment, so that the young people can be encouraged to build their independent skills

Children are not placed near to their home and communities [being placed away from Monmouthshire leads to disrupted support and family relationships]	To increase opportunities to place children closer to their homes and communities allowing them to develop consistency and stability.
The Council is reliant on external placements to agree matching for children and there is little opportunity for forward care planning across the cohort of children who are looked after	To increase the ability to forward plan and have greater control on matching, placement decisions and oversight on support.
Social care workers are required to travel to different parts of the country to visit individual children	To reduce the amount of travel time for the social care workforce
Children are placed in a range of different organisations which do not support fully integrated working.	To increase opportunities for integrated working to ensure good outcomes for children

#### **2.2.4 Additional Benefits**

This business case presents an opportunity for the Council to acquire and redevelop a substantial five-bedroom supported living accommodation utilising full grant funding. This will allow for sustainable improvements to be made to the property and its outside space including energy efficiency. As part of the refurbishment, we will be making every effort to increase the energy efficiency of the property with the aspirational A rating in mind. We plan to install solar panels to the roof and upgrade the current central heating system to air source heat pumps.

The business case is in-keeping with the objectives of the Welsh Government and the Regional Integration Fund Capital programme. This means that there is a high likelihood of the Council being successful in its application for a grant to support the costs. Initial discussions with Regional Integration Fund Capital programme manager regarding the development of the property have been met with positivity, with all indications that the grant application will be successful.

#### **2.2.5 Main Risks**

The risks for this proposal fall into two main areas – property related risks and service related risks.

##### **Property Related Risks**

<b>Risk</b>	<b>Mitigation</b>
Unknown/excessive project costs.	Engage Property Services to compile detailed schedule of works & property specification and seek competitive quotations.
Availability and capacity of suitable building contractor.	Procure contractor on basis that there is capacity to carry out the works within the required timescale.

<p>Time delays in project completion due to unforeseen circumstances, project scheduling, changes in scope, or external factors beyond the project team’s control.</p>	<p>Complete detailed monitoring of the project through each stage from inception and planning to completion of works.</p>
<p>Property Title is assumed clean, free of any restrictions or encumbrances. Assumed property is registered with H M Land Registry as freehold with title absolute.</p> <p>Condition of Property not fully known.</p> <p>Structural works may be required - Assumed free from defect.</p> <p>Services - Detailed investigations of the property’s services have not been undertaken, however there is no change proposed to the existing. It is assumed that the services and associated controls are in working order and free from defect.</p> <p>Planning – Existing use is C3 dwelling houses. (see below for building regs requirements)</p> <p>Contamination and Hazardous Substances (i.e. Asbestos)</p> <p>Building Control requirements –Welsh Government have now refined their requirements in relation to children’s care</p>	<p>Legal due diligence to be carried out.</p> <p>Property Services have carried out an inspection of the property to assess its general condition and structural integrity. The property requires improvement works as part of the proposed refurbishment but no major concerns have been identified.</p> <p>MCC Building Control to be contacted for comment if proposed structural alterations are required although none are proposed. An initial inspection by a structural engineer has been carried out. Structural calcs to be obtained if required.</p> <p>The property is connected to mains services including electricity, gas, water, and drainage. The need for any survey work to be assessed and carried out accordingly.</p> <p>COU is not required. Certificate of Lawful Use obtained confirming proposed use is permitted development with change to C3(b).</p> <p>A full R&amp;D survey will be carried out prior to works commencing. No high risk asbestos assessed to be present on first inspection.</p> <p>Building Control applications will be submitted. The amended timeline allows for these works.</p>

<p>homes. The proposals for this property will now be classed as changing from a 'dwelling' to an 'institution', therefore subject to change of use applicable under paragraph 6 of the Statutory Instruments i.e. enhanced safety measures (fire suppression, ventilation, acoustics upgrades, etc).</p>	
<p>Off-Market Acquisition – Risk of paying more than market value as asking price not tested on open market.</p>	<p>Condition of grant funding is the approval of valuation by the District Valuer Service to ensure the acquisition price is not inflated.</p> <p>Capital expenditure over the DVS value will be non-compliant and therefore incurred by authority.</p>

**Implementation Risks**

<b>Risk</b>	<b>Mitigation</b>
<p>Unable to secure a service provider</p>	<p>The Council will be using an Open Procurement Route via Sell2Wales. The previous similar procurement process was successful.</p>
<p>Delays / inability to identify and match suitable young people who need the supported accommodation provision</p>	<p>The service has an in-depth knowledge of individual young people and how they might match.</p> <p>Work is currently taking place to consider the whole cohort of children / young people who are looked after to consider potential candidates for the home.</p> <p>MCC will work with the region to offer up potential placements to achieve a good match / avoid voids (should the need arise)</p>
<p>Repurposing costs exceed what is currently provided for.</p>	<p>There is a contingency for unexpected works in the costs and a process for additional grant funding application via the Notification of Event (NoE) process.</p>
<p>Unsuccessful grant application leading to MCC meeting cost of refurbishment.</p>	<p>There has been regular contact with the grant funding team and indications are that the application will be viewed favourably. The return on investment this project represents is positive. Regular and detailed contact with grant funding team will be maintained to ensure compliance with application process.</p> <p>The costs of drawing down on borrowing have</p>

	been factored into the business case.
Delays in approving the property acquisition will result in identified property being acquired by other buyers.	Maintain strong communication with agents and vendors.

### **Wider Service Risks**

<b>Risk</b>	<b>Mitigation</b>
Commissioned service provider provides poor quality service	Quality of service is heavily weighted within the service specification and evaluation process. There will be ongoing contract monitoring.
There is a 10-year purpose period as a condition of grant award with claw back if it is not used for its intended purpose	Commissioning data and projections of children who need looked after or care leaving services are not expected to fall to the extent that this provision would not be required within a 10 year period.
The property is not required to provide placements for children in the future.	The property could be re-purposed for several different uses. Considered low risk.
Risk of voids	If voids arise, and there are no children identified within Monmouthshire who will need the placement in the short-term, there is potential to 'sell' the placement to another Local Authority.

#### **2.2.6 Constraints**

If the development is supported by a grant, there will be a ten year restriction on title in favour of Welsh Government as per the conditions on the grant funding. In addition the property must be utilised for the use stipulated in the application for a period of ten years to avoid claw back. Following this period, the property can be repurposed if required, in line with strategic priorities at that time. Failure to meet grant funding conditions can result in claw back of funds.

#### **2.2.7 Dependencies**

Operational delivery is dependent on approval of a suitable provider via the authority's procurement framework.

### **3. OPTIONS ANALYSIS**

#### **3.1 Critical Success Factors**

- The property is acquired and refurbished to a high standard.
- A capital grant is received to reduce any borrowing strain on the Council.
- A service provider is successfully appointed and a contract and monitoring arrangements are in place.

- The first cohort of children successfully matched and in-situ.
- Young people achieve good outcomes through their placement in the new scheme.
- Young people are supported to move on to living independently.

### 3.2 Main Options

#### Summary of Options Appraisals

<b>OPTION 1</b>	<b>Do Nothing</b>
<b>Description</b>	The Local Authority does not develop any further in-house supported accommodation placements and continues to spot-purchase from the external market
<b>Net Costs</b>	£0 however, the council would lose the potential to generate any savings against a current spend of £798,675.80 per annum based on an illustrative cohort of children currently in spot-purchased provision.
<b>Advantages</b>	The Council will avoid any of the implementation or wider risks identified above.
<b>Disadvantages</b>	Leaves the Council dependent on the external market to provide supported accommodation placements for young people.
<b>Conclusion</b>	Not recommended
<b>OPTION 2</b>	<b>Do Minimal</b>
<b>Description</b>	Do not proceed with the acquisition and refurbishment of this property and seek alternatives.
<b>Net Costs</b>	£0 however, the council would lose the potential to generate any savings against the current spend of £798,675.80 per annum based on illustrative cohort of children currently in spot-purchased provision.
<b>Advantages</b>	The council would not utilise its current borrowing headroom, which would then be retained for an alternative, potentially more suitable / less costly property.
<b>Disadvantages</b>	On-going searches for potentially suitable properties within Monmouthshire have been undertaken and are on-going. Suitable properties for development do not come onto the market frequently.  Delay in pursuing a suitable property such as this would delay the opportunity to develop a residential provision by an indefinite, potentially extended, period.
<b>Conclusion</b>	Not recommended
<b>OPTION 3</b>	<b>Purchase and redevelopment of the property with 3rd party service delivery</b>
<b>Description</b>	The Local Authority proceeds with the acquisition and development of the property and seeks to commission a suitable partner to provide the support

<b>Net Costs</b>	Based on similar models, the weekly anticipated cost for an external provider would be £1,266. per week per bed, equating to an annual revenue cost of £329,160. Based on a 100% occupancy for a full year, this represents a potential saving of £415,932 per annum without capital repayments or £246,966 with capital repayments (over 10 years) and taking into account property maintenance costs and direct service manager support costs
<b>Advantages</b>	This option would mean that the delivery and implementation risks are shared with another organisation who are experienced in the delivery of post 16 housing based support and will enable us to appropriately match children based on the level of support required.
<b>Disadvantages</b>	A partnership arrangement would reduce the level of autonomy that the council has in terms of care planning and matching.
<b>Conclusion</b>	<b>Recommended</b>
<b>OPTION 4</b>	<b>Purchase and Re-develop the property and provide the support in-house</b>
<b>Description</b>	Proceed with the acquisition and refurbishment and look to provide the support element in-house
<b>Net Costs</b>	As per Option 3
<b>Advantages</b>	Children’s services would retain full autonomy and decisions about the provision would be made entirely by the service. There would be no requirement to procure a service or for contract monitoring. The service would be required to build an inhouse workforce which could be scaled up if required. This fully supports the wider strategic aims of the council in terms of developing in-house / regional sufficiency.
<b>Disadvantages</b>	This would not support our strategy to maintain a mixed service delivery model in order to build-in resilience and choice. There is strong experience and expertise within the sector providing accommodation-based support. Given this, we have prioritised recruitment for our residential children’s home provision as it is less likely that we could successfully procure a residential workforce via a not-for-profit organisation.
<b>Conclusion</b>	Not recommended

### 3.3 Recommended option

Option 3 is the recommended option.

## 4. PROCUREMENT ROUTE

Acquisition of property will be through the open market with a private buyer and subject to planning permission for change of use if required.



Works for the refurbishment will be procured through normal council arrangements utilising framework contractors.

A robust and thorough procurement process will be carried out for the commissioning of the support provider, in partnership with our internal commissioning team.

## 5. FUNDING AND AFFORDABILITY

### Capital Costs of Acquisition and Refurbishment

The Local Authority has applied to Welsh Government for a £1,316,394.25 capital grant to purchase and redevelop the property via the HCF or IRCF 2024/25 OR 2025/26 funding stream. This would provide a 100% grant funded resource for the development of provision. We will continue to monitor the progress of this application as we progress with this project.

We have mitigated the risk of the grant application not being approved via our robust partnership and consultation with the Capital Projects Team under the Regional Partnership Board. All indications are that we have a very strong case, and that our application will be successful.

We require access to the capital borrowing headroom pending the HCF/IRCF grant application being submitted and approved; or in the event that it is not approved.

In light of the above we have modelled both scenarios i) that the capital scheme is fully funded via a grant and ii) that the capital element is met through prudential borrowing.

The revenue costs of prudential borrowing are already factored into the Council's medium term treasury budgets and therefore there are no consequential borrowing cost implications on the Children's services budget. However, for transparency and to aid in a meaningful like-for-like comparison between the existing model of service delivery and this proposal, an indicative annual borrowing cost has been included within the business case calculation.

### **Annual Revenue Costs**

To develop a prospective business case an initial group of 6 children have been identified who would benefit from a planned move into the property upon it being available for occupation. These children are currently in either fostering or residential placements that are not best suited to their needs and are assessed as requiring medium to high support needs in a step-down placement.

The average weekly placement cost for these children is currently £3,071.83 (equating to £15,359.15 for 5 placements or £798,675.80 per annum). These costs are currently met through Children's Services revenue budget.

We have used a group of 6 children because, given the project development time and as the wider cohort of young people who are looked after changes, it is unfeasible to accurately pin-down the exact 5 young people identified for the placement until more detailed work is undertaken. The group of 6 provides a reasonably accurate illustration of such young people as might benefit from a future placement at the property and their current associated costs.

The cost of commissioning the support element of the scheme has been calculated based on an equivalent service model in our Caldicot property (i.e. Local Authority owned property with a 3rd party contract to provide the care).

Taking into account the varying cost impact of the 2 potential borrowing scenarios as above, we have modelled the revenue costs against a 100% occupancy rate and an 80% occupancy rate. These tables are illustrative because the identified savings / or the impact on savings arising from a void cannot be easily identified due to the variability of existing package of care. Equally, there may be situations where placements result in cost avoidance. This potential saving will provide opportunities to contribute to the overall £1.9m Children’s Services practice change mandate for 2025/26. As the project is scheduled to come online until part way through the 2025/26 year, the full annual savings potential will not be realised until 2026/27.

80% occupancy is a cautious approach which we have adopted given the importance of matching children and allowing appropriate time for transitions particularly during the early period of the provision.

Based on 100% occupancy

<b>Annual Revenue Costs</b>	<b>Based on successful HCF application</b>	<b>Based on borrowing to complete the development</b>
	<b>£</b>	<b>£</b>
<b>Service Provider Contract</b>	329,160	329,160
<b>General Maintenance</b>	10,000	10,000
<b>Service Manager 0.5FTE</b>	43,584	43,584
<b>Annual repayment costs (over a 10 year period) set at rates on 19/11/2024</b>	0	168,966
<b>TOTAL ANNUAL REVENUE COSTS</b>	382,744	551,710
<b>ANNUAL REVENUE PACKAGES TO FUND COSTS</b>	798,676	798,676

<b>Based on 100% occupancy POTENTIAL ANNUAL REVENUE SAVINGS</b>	415,932	246,966
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Based on 80% occupancy

<b>Annual Revenue Costs</b>	<b>Based on successful HCF application £</b>	<b>Based on borrowing to complete the development £</b>
<b>Service Provider Contract</b>	329,160	329,160
<b>General Maintenance</b>	10,000	10,000
<b>Service Manager 0.5FTE</b>	43,584	43,584
<b>Annual repayment costs (over a 25 year period) set at rates on 08/05/2024</b>	0	168,966
<b>TOTAL ANNUAL REVENUE COSTS</b>	382,744	551,710
<b>ANNUAL REVENUE PACKAGES TO FUND COSTS</b>	798,676	798,676
<b>Based on 80% occupancy POTENTIAL ANNUAL REVENUE SAVINGS</b>	256,196	87,230

### **Revenue Generation (if applicable)**

If voids arise, and there are no young people identified within Monmouthshire who will need the placement in the short-term, there is potential to ‘sell’ the placement to another Local Authority with a mark up of up to 20% of the weekly cost. A 20% mark-up would equate to £1,767 per bed per week (with HCF contribution) £2,546 per bed per week (without HCF contribution).

## **6. DELIVERY ARRANGEMENTS**

### **Key milestones and indicative timelines**

- Submit HCF application November 2024
- Complete property purchase by March 2025
- Detailed design by July 2025
- Procurement and appointment of contractor by September 2025
- Commencement of Works October 2025

- Completion of Works March 2026
- Provision becomes operational April 2026

<b>Task</b>	<b>Persons Responsible</b>	<b>Time frame</b>	<b>Reports to</b>
Purchase of Abergavenny Property	Nicholas Keyse	31 <sup>st</sup> March 2025	Peter Davies
Project management for refurbishment and improvement	Property services Nicholas Perry	April 2025 onwards	Nicholas Keyse
Service specification and procurement process with Service Provider	Scott Hereford Craig Williams	April 2025 – Jan 2026	Diane Corrister
Appoint Service provider	Craig Williams	Jan 2026	Jane Rodgers Diane Corrister
Care planning and transition arrangements for young people who are identified as suitable to be placed in the new provision	Lupupa Nshimbi Scott Hereford	Jan 2026 onwards	Diane Corrister
On-going contract monitoring	Craig Williams	Quarterly from April 2026	Jane Rodges Diane Corrister
Oversight of Children placed in Property	Lupupa Nshimbi	April 2026 onwards	Diane Corrister

### Contingency Plan

The need for a contingency might arise if it becomes clear that the redevelopment of the property won't be achieved, a suitable provider cannot be commissioned or no suitable young people are identified to move in.

In this case contingency options will be considered follows:

- The council will review the specification and re-tender for either the works or the support element.
- The council will look at the option of developing the support element in-house
- The council will seek to sell individual residential placements to neighbouring Local Authorities.
- The council will liaise with the regional partnership board to seek a change of use for the property in keeping with the objectives of the council and the overall objectives of the capital programme (to avoid claw back).

- The property could be re-purposed for several different uses; a business case and options appraisal would be undertaken.

## PROPERTY DETAILS

