

<b>SUBJECT:</b>	<b>Development of a Supported Accommodation Provision</b>
<b>MEETING:</b>	<b>Cabinet</b>
<b>DATE:</b>	<b>11<sup>th</sup> Feb 2026</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>Monmouth</b>

## 1. PURPOSE:

To provide details and seek approval for the acquisition and refurbishment of a property in Monmouth for the purpose of developing a supported accommodation provision for care experienced young people (aged 16 plus), using existing borrowing headroom.

Approval is sought based on a Business Case that is attached as Appendix 1.

## 2. RECOMMENDATIONS:

- To acquire and refurbish a property in Monmouth for the purposes of developing a supported accommodation provision for care experienced young people.
- To utilise a Housing with Care Fund grant for the entirety of the capital expenditure associated with the acquisition and subsequent redevelopment of the property (subject to ministerial approval).
- To the extent that Housing with Care Fund grant is not secured for the full amount requested, that any sum remaining to be funded is met from the £3m borrowing headroom agreed at Full Council meeting 18th April 2024 under a 10-year term.
- To enter into a contract with a suitable external provider to provide the housing-based support for young people residing at the property.

## 3. KEY ISSUES:

3.1 Children's Services has identified a property in Monmouth which is suitable to be developed into a supported accommodation provision for up to 3 care experienced young people aged between 16 – 21 years of age.

3.2 In order to meet the needs of the young people and the identified objectives of the service the property will require refurbishing.

3.3 The provision will provide a homely setting for 3 care experienced young people, where 24-hour support will be available to assist the young people to develop their independent living skills. During their stay in the provision the goal is to equip the young people to progress onwards to accommodation with a lower intensity of support or into independent accommodation. In this sense the provision will form the first step in a young person's pathway to independence.

3.4 Alongside of refurbishing 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. A robust evaluation process and on-going contract monitoring will be put in place to ensure that quality standards are maintained and that young people are provided with the individualised support they require.

3.5 The business case is set out in the context of the decisions made at full Council on 18th April 2024 which set out proposals for the overall development of children's residential and 16 plus supported accommodation placements and increased the available borrowing headroom to £3M for that purpose.

3.6 The Local Authority has a legal duty to provide sufficient and appropriate placements for children who are looked after which includes a range of supported accommodation options for young people who have left, or who are preparing to leave care. At present, the Local Authority has insufficient suitable supported accommodation placements and limited options for young people who have medium to high support needs.

3.7 Insufficiency of placements creates a number of pressures and issues for the service 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 and increased travel costs because of children / young people being placed in numerous different locations;
- Resource pressure because of 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.

3.8 The current ambition, as set out in the report presented to Council on 18th April 2024, is to significantly increase the number of all in-house placement types including fostering, residential and supported accommodation placements over the next 1 – 3 years. This will ensure that the needs of Monmouthshire's Looked After Children and those young people who are leaving care are 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.

3.9 To meet the assessed needs of our looked after children and young people our current commissioning data confirms that to help achieve sufficiency in terms of placement numbers and options we currently need a further medium to high supported accommodation provision. This takes into account the current 5-bed supported accommodation provision that opened in

November 2024 and the 5-bed provision that is scheduled to become operational during the next financial year.

3.10 In summary, the primary objective of the Business Case is for up to 3 young people to be suitably matched and to be enabled to live comfortably and well in the property in keeping with their individual pathway planning needs.

**3.11** 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.

3.12 Acquisition of the property is through the open market from a private buyer. There are some property related risks identified within the business case, mitigated by a number of necessary conditions being attached to the offer including full legal due diligence (satisfactory searches etc).

3.13 Implementation risks to the Local Authority in running a supported accommodation provision are set out in the table below.

<b>Risk</b>	<b>Mitigation</b>
Unable to secure a service provider	The Council will be using an Open Procurement Route via Sell2Wales. Previous similar procurement processes were successful.
Delays / inability to identify and match suitable young people who need the supported accommodation provision	The service has an in-depth knowledge of individual young people and how they might match. 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.
Refurbishing costs exceed what is currently provided for.	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.
Unsuccessful grant application leading to MCC meeting cost of refurbishment.	The grant application has been approved and is at final stage (ministerial approval).

	The costs of drawing down on borrowing have 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.

#### **4. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):**

4.1 The business case seeks to increase the sufficiency of appropriate placements closer to home for care experienced children and supports the repatriation of Monmouthshire children back into the county. The provision will enable care experienced young people to develop their life skills and support their pathway to independence so that their future life chances and economic mobility are improved. The provision is designed for care experienced young people who have medium to high support needs, where this is currently a gap in provision. This additional stepping stone approach will help vulnerable young people sustain future stable accommodation and tenancies.

4.2 The money currently being spent on this cohort of children includes residential and independent foster care placements, some of which are located out of county. The project will allow the development of provision in county. This will support young people's sense of identity, belonging and connectivity with support networks, as well as providing the opportunity for new jobs and training / career opportunities for the wider social care workforce.

4.3 Planning is required in order to ensure the Welsh language is encouraged within the scheme and community engagement will need to be at the forefront of the development moving forward.

#### **5. OPTIONS APPRAISAL**

5.1 An options appraisal is set out in the business case. In summary the council could chose to do nothing and refrain from moving ahead with the scheme. This would avoid any of the implementation or wider risks identified at 3.13. This option is not recommended in that i) it would not fill the gap in existing provision and continue to mean that children preparing to leave care are not provided with the right level of support in keeping with their needs and ii) that the council would lose the potential to generate any savings against the current approximate annual spend of £446,000 .

5.2 Two minimal options are identified the first being to withdraw from the current property and wait for an alternative property to become available that costs less or requires less refurbishment. This would avoid any property risks specific to this purchase but is discounted on the basis that i) further delay would compromise the Council's ability to secure a capital grant for the acquisition and refurbishment and because ii) this is a suitable and desirable property that is well located and requires minimal refurbishment. Suitable properties such as this do not come onto the market frequently.

5.3 The second minimal option is to proceed with the repurposing of the property and seek to develop the support element in-house. This option is discounted because i) it is felt that there is strong experience and expertise within the sector providing accommodation-based support and ii) that children's services does not currently have the resources or capacity to undertake the support element and iii) it is likely that a procurement route will be quicker.

5.4 The option as set out within the business case, for the Council to acquire and refurbish the property and seek to enter into a contract with a suitable organisation to provide the support, is the preferred option.

## **6. EVALUATION CRITERIA**

Success criteria for the business case have been identified as follows:

- Completion of the purchase prior to 31st March 2026.
- 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 young peoples are 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.

## **7. REASONS:**

7.1 In summary, the business case represents an important next step in the Council's ambition to increase the overall number of in-house placements for children including supported living accommodation. This will increase the service's ability to appropriately plan and control care pathways for children and young people in keeping with their needs and reduce the Council's dependency on an uncertain provider market.

7.2 The proposed development of the property will meet the wellbeing and safeguarding needs of care experienced young people and provide an affordable means by which the Council can provide good quality support. The business case supports the Council to fulfil its statutory duty to provide sufficient and suitable for children who are looked after and is in keeping with national and local policy direction.

7.3 The business case represents a service development opportunity, to improve outcomes for children, generate savings for the council and maximise potential grant funding.

## **8. RESOURCE IMPLICATIONS:**

### Capital Costs of Acquisition and Refurbishment

8.1 The Local Authority has applied to Welsh Government for a £675,450 Housing with Care fund capital grant to purchase and redevelop the property over the 2025/26 funding stream for the acquisition and 2026/27 funding stream for refurbishment. This would provide a 100% grant

funded resource for the development of provision. Welsh Government approved the grant application on 21<sup>st</sup> January, confirming Part 1 of the funding to cover 100% of the capital required for the acquisition of the property, subject to final ministerial sign-off. Part 2 of the grant application, which will relate to the refurbishment and redevelopment works, will be prepared and submitted in the new financial year. The risk of the grant application not being approved is low because of the purchase being achievable before year end and because the project represents good return on investment in line with Welsh Government programmes.

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

8.3 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.

8.4 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

8.5 To develop a prospective business case we have used a mid-point unit cost of children who are currently placed in external residential or foster placements. For 3 children this represents £446,000 per annum spend against the placement budget.

8.6 Whilst we have a cohort of children who would potentially benefit from a move to the provision, the dynamic nature of our detailed care-planning makes it unfeasible to accurately pin-down the exact 3 young people identified until nearer completion. Using the mid-point average cost of placements associated with these children currently provides a reasonably accurate illustration of the cost envelope.

8.7 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).

8.8 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 contribute to the overall £1m Children's Services practice change mandate for 2026/27. As the project is scheduled to come online until part way through the 2026/27 year, the full annual savings potential will not be realised until 2027/28.

8.9 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.

8.10 Based on 100% occupancy

Annual Revenue Costs	Based on successful HCF application £	Based on borrowing to complete the development £
<b>Service Provider Contract</b>	257,799.36	257,799.36
<b>General Maintenance</b>	10,000.00	10,000.00
<b>Annual repayment costs (over a 10 year period) set at rates on 29/01/26</b>	0	82,288.00
<b>TOTAL ANNUAL REVENUE COSTS</b>	267,799.36	350,087.36
<b>ANNUAL REVENUE PACKAGES TO FUND COSTS</b>	£446,000	£446,000
<b>Based on 100% occupancy POTENTIAL ANNUAL REVENUE SAVINGS</b>	178,201	95,913

8.11 Based on 80% occupancy

Annual Revenue Costs	Based on successful HCF application £	Based on borrowing to complete the development £
<b>Service Provider Contract</b>	257,799.36	257,799.36
<b>General Maintenance</b>	10,000.00	10,000.00
<b>Annual repayment costs (over a 10 year period) set at rates on 29/01/26</b>	0	82,288.00
<b>TOTAL ANNUAL REVENUE COSTS</b>	267,799.36	350,087.36
<b>ANNUAL REVENUE PACKAGES TO FUND COSTS</b>	446,000	446,000
<b>Based on 80% occupancy POTENTIAL ANNUAL REVENUE SAVINGS</b>	142,561	76,731

8.12 If voids arise, and there are no young people identified within Monmouthshire who would need the placement in the foreseeable future, there is potential to offer the placement to another Local Authority with a slight mark-up to the weekly cost.

**9. CONSULTEES:**

- Councillor Ian Chandler, Cabinet Member for Social Care, Safeguarding and Accessible Health Services
- Nicholas Keyes, Estates Development Manger

- Ben Thorpe, Estates Development Surveyor
- Tyrone Stokes, Finance Manager
- Diane Corrister, Head of Children's Services
- Scott Hereford, Residential and Resource Service Manager
- Kevin Fortey, Housing with Care Fund Project Manager, Regional Partnership Board

**10. BACKGROUND PAPERS:**

Council Report 18th April 2024 - Developing children's residential and 16+ supported accommodation placements

**11. AUTHOR:**

**Jane Rodgers, Strategic Director Social Care, Safeguarding & Health**

**[Janerodgers@monmouthshire.gov.uk](mailto:Janerodgers@monmouthshire.gov.uk)**

