

ACQUISITION PROPERTY IN MONMOUTH TO PROVIDE A REGISTERED SUPPORTED LIVING ACCOMODATION

**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 (TBC)
- Nicholas Keyes, Head of Landlord Services.
- 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

1 INTRODUCTION

Children's Services seek approval to acquire the property in Monmouth, to provide a supported lodgings (accommodation) provision for 3 Monmouthshire care experienced young people aged 16-24. This provision will be available to consider supporting all our 16+ Looked After children and in the future will specifically complement our existing children's Residential Home in Monmouth. The provision will create a structured step-down pathway to independence and ensure that children can move from residential care to semi-independent living within the same local area, maintaining friendships, support networks, and community. 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 (Wales) Act.

Monmouthshire currently has two Local Authority owned supported accommodation properties and requires one further facility to provide suitable placements for young people and reduce our reliance on third party providers.

The subject property has sufficient space for 3 bedrooms together with adequate provision for sleeping-in arrangements for support staff. There is sufficient space for communal areas for recreational activity and there is accessible outdoor space with a rear garden for the young people to utilize.

The proposed use of the property would be to accommodate 3 young people aged between 16-24 for a transitional period to assist in their step-down from care and support. The provision will provide a 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. In this sense the provision will support a young person's pathway to independence.

This approach ensures that the individual needs of children are consistently and appropriately met, while providing greater opportunities for placements closer to their homes and communities. Expanding the number of placements managed by the Local Authority will promote stability and certainty in broader care planning for children and young people. It will also strengthen integrated working practices and enhance the quality oversight of the care provided.

This business case therefore seeks approval:

- To acquire and refurbish the property 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 refurbishment of the property. [Welsh Government approved the grant application on 21st 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.]

- 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.

Developing a council owned supported accommodation provision managed by a 3rd party provider is in keeping with the Welsh Government legislation aimed at removing profit from children's care and is an important next step in MCC's ambition to increase overall sufficiency of placements for children.

This business case is set out within the context of the decisions made at full Council 18th 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

2 STRATEGIC CASE

2.1 Context

Aligned to its Corporate Parenting responsibilities, under Section 75 of the Social Services and Wellbeing (Wales) Act 2014 the Local Authority has a legal duty to ensure that there are sufficient and appropriate placements for children who are Looked After. Under Part 6 of the Act the Local Authority has a duty "where reasonably practical" to provide Children Looked After/Care Experienced Children with accommodation which is (a) within the authority's area, and (b) meets the needs of those children.

There is a national shortage of residential placements for young people aged 16 and over. This issue has worsened due to instability in the private care market following Welsh Government's policy to remove profit from 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. 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.

This creates a number of challenges and risks 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.

Children's Services have been working to expand the provision of supported accommodation and have been actively searching the market for a third property. This process has been challenging, as we require a home that is welcoming, located close to Monmouth town, and near our existing residential home. When looking to source a new property we have worked closely with our Estates Team to ensure value for money that meets the needs and specifications of both Estates and Children's Services.

2.2 Current Progress

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 in various parts of the County over the next 1 – 3 years.

Our progress to date since April 2024

Provision (type/beds)	Where are we / progress	Cost / Financed
Monmouth Residential (4 bed)	Following a significant refurbishment, the home opened and gained CIW Registration in July 2025. There are 4 young people are living at the home. Early indication is that the children's wellbeing has improved since returning home to Monmouthshire. This has been achieved by a dedicated well-trained in-house staffing team.	HCF approved grant
Caldicot Residential (4 bed)	Design and technical surveys have been completed, and	The property is owned by Pobl. They have submitted

	works are due to commence Feb 2026. The home will provide care and support for up to 4 young people.	an IRCF grant application to the regional partnership board for the refurbishment costs
Caldicot Supported Accommodation (5 bed)	Service opened in November 2024 (see below)	MCC owned asset. Refurbishment works were covered by an approved HCF grant application.
Abergavenny Supported Accommodation (5 bed)	Design and technical have been completed. Currently out to the tendering framework and refurbishment works. A non-for-profit 3 rd provider has been appointed to run the service.	IRCF approved grant
Abergavenny Bespoke Residential (2 bed)	Care is currently being provided by an external provider. Exploratory works are currently being undertaken to consider the option of bringing the care and support element in house.	
Magor Bespoke Residential (2 bed)	Refurbishment works are currently being completed. Plans to become a 2 bedded CIW registered residential home with care being provided by an in-house residential team from April 26 onwards	MCC owned property supported by an HCF grant to refurbish for a 2 bed provision.

Since opening our first supported accommodation provision in Caldicot, the service has provided structured, practical support to five young people, enabling them to develop essential life skills in preparation for adulthood. Young people have made strong progress in key areas including risk management, budgeting and financial awareness, menu planning and cooking, maintaining a clean-living environment, and independent travel. They have also been encouraged to take part in sports clubs and community activities, helping to build confidence, social connections, and healthy routines.

Each young person has followed an individualised support plan tailored to their needs, strengths, and goals. Staff have helped them to practice real-life tasks, develop problem-solving skills, and build confidence in managing day-to-day responsibilities with increasing independence.

The service has successfully supported one young person to transition into further independent living, demonstrating clear progression and the effectiveness of the support model. The remaining young people continue to make steady and positive progress toward full independence.

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 4-bed supported accommodation provision as above, that opened in November 2024 and the 5-bed provision that is scheduled to become operational during the next financial year.

2.3 Case for Change

2.3.1 Spending and service objectives

The Monmouth property development is designed to provide supported accommodation for care-experienced young people aged 16–24. This initiative aligns with the Council's commitment to offer placements closer to home and supports the Welsh Government's goal of eliminating profit from children's social care. It addresses a critical gap in current provision by offering a safe, structured environment for young people with medium to high support needs as they transition to independence.

Young people leaving care often face significant challenges, including trauma, attachment difficulties, limited support networks, and risks such as exploitation or poor mental health. Without appropriate transitional support, these individuals are at risk of homelessness, tenancy breakdown, and poor life outcomes. This development provides a "stepping stone" for those who are not ready for full independence but have outgrown traditional care placements.

The primary goal of the service is to reduce young people's support needs and prepare them for greater independence. It will provide medium to high levels of support, with staff available on-site 24/7. Many of these young people require enhanced, accommodation-based transitional support. The approach will be person-centred and outcome-focused, helping individuals develop the skills needed for independent living by age 18, or at least before 21. Support will include building resilience, problem-solving, practical life skills, budgeting, decision-making, pursuing education or employment, and strengthening social networks. It is not anticipated that young people with significant emotional dysregulation will be considered suitable for the provision.

2.3.2 Project Outcomes

Successful delivery will:

- Offer a smaller homely provision for care-experienced young people aged 16–21 with medium to high support needs.
- Support those stepping down from residential or foster care who may otherwise be at risk of eviction or homelessness due to insufficient support.

- Increase the likelihood of successful tenancy and independence before age 18, or at least before 21.
- Enable smoother movement through the care system, freeing up placements for others who need them.

2.3.3 Service Model

Accommodation-based support for young people over 16 does not fall under RISCA regulations and therefore does not require Care Inspectorate Wales registration. The support will be provided by a 3rd party provider via a thorough and robust tendering process.

2.3.4 Property Details

Refurbishment of the property is required in order to provide safe and appropriate accommodation in accordance with statutory frameworks. Following refurbishment the property will have:

- 3 individual bedrooms for young people
- Communal areas to support social engagement and positive peer relationships including a large kitchen-diner and outdoor space.
- A staff bedroom/office for on-site support

The property is a well-presented modern four-bedroom family home located on a sought-after Wonastow estate on the west side of Monmouth, located near to the town centre, within walking distance of amenities and public transport, ensuring strong family and community connections.

The property stands in a good-sized corner plot measuring approximately 0.069 acres/282 m² and has a net internal area (including the garage) of 151 m² or 1625 ft². Whilst surrounded by other properties, it has a relatively private rear garden. There is a single garage which has been converted in part into a fully insulated office with storage space to the front. The property has been upgraded throughout with high quality fixtures and fitting and benefits from a large open plan kitchen with dining space. The garden has been upgraded with a large composite decking area with lighting, raised beds and stone paving. There is an electric car charger and a double tandem driveway in front of the garage. The property has good energy efficiency which will help lower running costs, with an EPC rating of 85 B and potential for 94 A with improvements.

The property requires some refurbishment works to meet the relevant care standards such as a sprinkler system and additional fire measures such as improved detection. Children's Services have also identified the potential for a third ensuite to one of the first-floor bedrooms which would be beneficial. Given the property has a very good EPC, the installation of an Air Source Heat Pump is not considered essential or financially good value for money [if we choose to future proof and install on acquisition, an additional budget allowance of £30k would be needed]. Solar roof PV is also proposed to further improve the EPC and to support WG requirements. The property refurb works will be overseen by MCC Property Services.

2.3.5 Placement Approach

Each placement will be carefully planned and matched to ensure compatibility between the young people. 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.

2.3.6 Business Case Objectives

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 for as long as it meets their individual pathway planning needs.

The business case aims to achieve the following service improvements:

- Increase placements closer to home, meeting personal outcomes and care planning needs.
- Improve services for care-experienced young people by providing safe, supportive environments for skill development.
- To allow the Council increased autonomy in care planning and matching decisions for all children who are looked after.
- Achieve better value for money and reduce revenue costs.
- Improve workforce efficiency and welfare through reduced travel.
- Ensure compliance with legal and regulatory requirements under the Social Services and Well-being (Wales) Act.

2.3.7 Existing Arrangements

All looked-after children have an allocated social worker and a care plan that outlines their individual outcomes. This includes:

- The reasons for entering care
- The primary purpose and objectives during their time in care
- Plans for maintaining and developing family and community relationships
- Educational arrangements
- A pathway plan for leaving care

Pathway planning begins at age 14 and sets out the support a young person will receive post-16 to prepare for independence. This process considers the skills needed for self-care, agreed personal outcomes, and goals related to accommodation, family connections, education, employment, and support levels. From age 15½, a Personal Advisor works alongside the social worker to support this planning. In some cases, pathway planning explores whether a return to family is safe and possible. Some young people aged 16 – 18 remain within a care environment either foster care or residential. However, for young people leaving a care setting the accommodation and support models available include:

Current Options for Care-Experienced Young People (16–21 years)

- **When I Am Ready Placements:** Allows a young person to remain in their foster placement beyond age 18, providing continuity. The foster carer becomes the landlord and receives payment from the Local Authority. Uptake is limited as it restricts carers' ability to foster others.
- **Independent Living:** Young people take on their own tenancy, which may include local authority or housing association properties, private rentals, college/university accommodation, or shared housing.
- **Low-Level Supported Accommodation:** Currently, two provisions serve Unaccompanied Asylum-Seeking Children aged 16+. These offer floating support Monday–Friday and access to an off-site house manager outside these hours. Locations include a 5-bed property in Newport and a 4-bed property in Cardiff.
- **Semi-Independent/Transitional Accommodation:** Supported hostels provide self-contained units with low to medium support for young people aged 16–24, including care leavers and those who are homeless. Three such provisions are available in Monmouthshire.
- **Supported Accommodation:** The Council currently operates one facility in Caldicot for five young people, offering 24-hour support in a homely setting. The aim is to help residents develop independent living skills and progress to lower-support or independent accommodation. If a young person is assessed as requiring supported accommodation, we are not able to place in-house, placements are spot purchased from the independent sector.

As at 27.11.2025 the authority had 73 children/ young people who are currently being accommodated in residential care homes or with foster carers who are 14 + (i.e. those who are already 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	5	4	9
Independent Foster Carer	3	11	14
Monmouthshire Kinship Carer	15 (Includes PWP)	5 (Includes PWP)	20
Residential Care	5	5	10

Semi-independent/Transitional Accommodation (all 3rd party)	4	16	20
Total	32	41	73

Out of the above numbers 43 young people are already aged 16 or over.

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

12 young people in UASC accommodation provisions

8 young people in supported type accommodation provisions

4 young people in residential accommodation

4 young people accommodated by an IFA.

4 young people are with LA foster carers.

2.3.8 Business Needs

Where we are now	ESSENTIAL Objectives of Business Case
Monmouthshire currently has one medium to high supported accommodation placements and one in development.	To develop a further medium to high supported lodgings provision for up to 3 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 and personal assistants 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

2.3.9 Additional Benefits

This business case presents an opportunity for the Council to acquire and redevelop a three -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 exploring how to increase the energy efficiency of the property with the aspirational A rating in mind. We will be considering installation of solar panels to the roof and an upgrade to 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 Housing with Care Fund Capital programme. The grant application for the purchase of the property was approved by Welsh Government on the 21st January 26 subject to Ministerial sign off.

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

2.4.1 Property Related Risks

Risk	Mitigation
Unknown/excessive project costs.	Property Services have a good understanding of the schedule of works required and will seek competitive quotations. Considered low risk due to the quality / age of the property.
Availability and capacity of suitable building contractor.	The relatively low scale of the works required should enable us to procure a contractor with the capacity to carry out the work 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>We will develop a partnership approach and undertake project monitoring 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>Legal due diligence to be carried out as condition of purchase.</p> <p>The property is approximately 8-10 years old and has been upgraded throughout with high quality fixtures and fittings. Property Services inspect the property to assess its general condition/structural and structural condition.</p>
<p>Services - Detailed investigations of the property's services have not been carried out/not known.</p>	<p>The property is connected to mains services including electricity, gas, water, and drainage. There is no change proposed to the existing services other than an additional ensuite which would require drainage works. The need for any survey work to be assessed by Property Services and carried out accordingly by a reputable contractor.</p> <p>It is assumed that all services and associated controls are in working order and free from defect.</p>
<p>Planning – Existing use is C3 dwelling houses.</p>	<p>A Certificate of Lawful Use is to be obtained confirming proposed use is permitted development with change to C3(b). Condition of purchase.</p>
<p>Contamination and Hazardous Substances (i.e. Asbestos)</p>	<p>A full R&D survey will be carried out if deemed necessary prior to any refurb works commencing. Due to the age of the property the presence of any asbestos is highly unlikely. The property was built post 1999 when asbestos in housing was banned.</p>

Building Regulations risks	Any works carried out by the vendors to the property that may be subject to Building Regulations will be checked/requested prior to purchase and as per normal conveyancing practice. For example, the garage conversion would require Building Regs and we would expect to receive a completion certificate.
Market Acquisition – Risk of paying more than market value as asking price not tested on open market.	Condition of grant funding is the approval of an RICS Red Book Market Valuation to ensure the acquisition price is not inflated. This is also a condition of purchase. Any offer made over the market value is a consideration for MCC as any additional cost will fall to Children's Services.

2.4.2 Implementation Risks

Risk	Mitigation
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.

2.4.2 Constraints

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 is utilised for the use stipulated in the application for a period of ten years. 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.

2.4.5 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

- 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.

3.2 Main Options

OPTION 1	Do Nothing
Description	The Local Authority does not develop any further in-house supported accommodation placements and continues to spot-purchase from the external market
Net Costs	£0 however, the council would lose the potential to generate any savings against a current spend of £446,000 per annum based on an illustrative cohort of children currently in spot-purchased provision.

Advantages	The Council will avoid any of the implementation or wider risks identified above.
Disadvantages	Leaves the Council dependent on the external market to provide supported accommodation placements for young people. Council would lose the potential to benefit from a capital grant funding.
Conclusion	Not recommended
OPTION 2	Do Minimal
Description	Do not proceed with the acquisition and refurbishment of this property and seek alternatives.
Net Costs	£0 however, the council would lose the potential to generate any savings against the current spend of £446,000 per annum based on illustrative cohort of children currently in spot-purchased provision.
Advantages	The council would not utilise its current borrowing headroom, which would then be retained for an alternative, potentially more suitable / less costly property.
Disadvantages	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.
Conclusion	Not recommended
OPTION 3	Purchase and redevelopment of the property with 3rd party service delivery
Description	The Local Authority proceeds with the acquisition and development of the property and seeks to commission a suitable partner to provide the support
Net Costs	Based on similar models, the weekly anticipated cost for an external provider would be £1,652.56 per week per bed, equating to an annual revenue cost of £257,799.36. Based on a 100% occupancy for a full year, this represents a potential saving of £178,201 per annum taking into account property maintenance costs (without any capital repayments).
Advantages	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.
Disadvantages	A partnership arrangement would reduce the level of autonomy that the council has in terms of care planning and matching.

Conclusion	Recommended
OPTION 4	Purchase and Re-develop the property and provide the support in-house
Description	Proceed with the acquisition and refurbishment and look to provide the support element in-house
Net Costs	As per Option 3
Advantages	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.
Disadvantages	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.
Conclusion	Not recommended

4. PROCUREMENT ROUTE

Acquisition of property will be through the open market with a private buyer.

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 £675,450 HCF capital grant to purchase and redevelop the property via the HCF 2025/26 funding stream. The purchase in 2025/26 funding stream and refurbishment works 2026/27 funding stream. This would provide a 100% grant funded resource for the development of provision. The grant application is at final stage (ministerial approval).

We require access to the capital borrowing headroom pending the HCF grant application being approved to avoid any delays in the purchase (bearing in mind that the conditions of the grant are that the acquisition is made before the end of this financial year); or in the event that unlikely event that the grant 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 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.

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.

Provider costs

Based on similar models, the weekly anticipated cost for an external provider would be £1,652.56 per week per bed, equating to an annual revenue cost of £257,799,36.

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 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 be realised during 2027/28.

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

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

Based on 80% occupancy

Annual Revenue Costs	Based on successful HCF application £	Based on borrowing to complete the development £
Service Provider Contract	257,799.36	257,799.36
General Maintenance	10,000.00	10,000.00
Annual repayment costs (over a 10 year period) set at rates on 29/01/26	0	82,288.00
TOTAL ANNUAL REVENUE COSTS	267,799.36	350,087.36

ANNUAL REVENUE PACKAGES TO FUND COSTS	446,000	446,000
Based on 80% occupancy POTENTIAL ANNUAL REVENUE SAVINGS	142,561	76,731

Management of voids

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.

6. DELIVERY ARRANGEMENTS

Key milestones and indicative timelines

- Complete property purchase by 31 March 2026
- Framework Contractors Mini Tender April 2026
- Appoint Contractor May 2026
- Commencement of Works June 2026
- Completion of Works August 2025
- Provision becomes operational September 2026

Task	Persons Responsible	Time frame	Reports to
Purchase of Abergavenny Property	Nicholas Keyse	31 st March 2026	Peter Davies
Project management for refurbishment and improvement	Property services Nicholas Perry	April 2026 onwards	Nicholas Keyse
Service specification and procurement process with Service Provider	Scott Hereford Craig Williams	April 2026 – September	Diane Corrister
Appoint Service provider	Craig Williams	September 2026	Jane Rodgers Diane Corrister
Care planning and transition arrangements	Lupupa Nshimbi Scott Hereford	July 2026 onwards	Diane Corrister

for young people who are identified as suitable to be placed in the new provision			
On-going contract monitoring	Craig Williams	Quarterly from 2026	April 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.