

STRATEGIC INVESTMENT GROUP

BUSINESS CASE – CAPITAL INVESTMENT

This Business Case provides justification for undertaking a project. The completed form will be reviewed by the Strategic Investment Group who will make a recommendation to Council whether the bid should be approved and included within the Capital Plan. All sections should be completed and evidence of costs will need to be supplied.

For details of Strategic Investment Group meetings and deadlines for the submission of this form, please contact Richard Humphreys, Capital & Technical Finance Team on ext 6144.

Project Name:	Sub - Regional Children's Residential Assessment Centre. (Meadow Lodge)
Project Reference:	
Project Manager:	Joe Griffiths
Workstream:	

Head of Service/Project Sponsor	Rhiain Morrle	Lead member:	Councillor Huw Hilditch Roberts
Service:	Education and Children's Services	LM Portfolio:	Education, Children, Young People and Welsh Language
Form completed by:	Joe Griffiths	Date:	11/01/2020
Service Accountant:	Richard Humphreys	Date:	

PROJECT TYPE

*Please categorise your project type. Mark **one** box only.*

SMALL <input type="checkbox"/>	MEDIUM <input checked="" type="checkbox"/>	LARGE <input type="checkbox"/>
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DECISION SOUGHT FROM SIG:	<p>To acknowledge Denbighshire's contribution from the regional ICF capital funding allocation to proceed with the development of a sub – regional Children's Assessment Centre.</p>
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EXECUTIVE SUMMARY

Highlights the key points in the Business Case to include:-

- what the project will achieve / important benefits
- estimated costs
- how the project will be funded

What the project will achieve / important benefits:

Denbighshire County Council (DCC), Conwy County Borough Council (CCBC) and Betsi Cadwaladr University Health Board BCU are working in partnership on a scheme to develop a regional Children's Residential Assessment Unit (CRAU) which will be located in Conwy, with CCBC as the Lead Partner.

The project will provide 3 purpose built buildings including an assessment unit along with a pre-planned and unplanned residential accommodation block for up to 6 children and young people for a maximum length of 12 weeks. The facility will provide support to children and their families or carers to enable a formulation of need with psychological input, to ensure that the future care and support plan offered to both 'sides' maximises the potential for those children to return home / to family and avoid becoming LAC.

The unit will include therapeutic spaces to enable young people and their family or carers to meet with professionals. This would be for the purpose of assessment, therapeutic intervention, mediation, systemic interventions, or day to day, 1:1 support with assessment centre staff team.

At present there are no safe community placements for a child who is a risk of self-harm or suicide. These children are frequently on children's hospital wards for many weeks pending a safe discharge plan. If parents /foster carers do not feel they can manage the risks for the child, children are placed out of area in massively expensive residential placements. In the most challenging cases children have even been 'placed in secure accommodation which has no therapeutic support and although this protects the child, it does not respond to the needs of the child to provide the care and support required.

The Meadow Lodge development will incorporate a separately accessed part of the building that could respond to the needs of these children, so that they can receive the levels of supervision required and the intensive therapeutic interventions from BCUHB.

The location of the Centre will mean that children and Young people can receive this care closer to home. This significantly increases the possibility of these children (and their families / carers) receiving seamless CAMHS support and increasing the possibility of recovery and reunification.

Placement Facts:

Overall number of total LAC in Denbighshire during year for the last 5 years:

Year	Denbighshire
2015/16	251
2016/17	234
2017/18	215
2018/19	215
2019/20	216

Current numbers of LAC by placement type:

Placement Description	Denbighshire
Fp -Outside Area/Rel Or Friend	10
Fp With Relative Or Friend	30
Fp With Debigshire Foster Carer	67
Fp-Agency Carer Outside County	11
Fp With Agency Fc In County	8
Placed With Parents/Other PR	31
Placed for adoption	3
Residential out of county	14
Residential in county	1
Independent Living	5
Young Offenders Inst/Prison	0
Grand Total	180

Current numbers placed within county/out of county:

Placement Description	Denbighshire
In County	157
Out Of County	23

Overall LAC placement costs:

Overall LAC Placement costs	Denbighshire
£	5,670,612

The proposal is consistent with the premise of the Social Services and Well-Being Act in its focus on ensuring early intervention and prevention to avoid high levels of dependency and costs. The model developed through this project will support early intervention to avoid crisis situations and/or to prevent further escalation. The project will allow existing services to be maintained whilst enabling integrated approaches to be strengthened and enhanced. The integrated approach will support cost avoidance, as diverting a relatively small number of new placements from high cost residential care and/or hospital based provision, will enable funding to be invested in the integrated service model. Current residential placement provisions range from £3,500 per week to £10,000 per week. Appropriately supporting more placements in family or foster care, through this service model will enable a sustainable approach.

Cost and funding:

Capital Costs for the project are currently estimated at £2.687m.

Capital Expenditure	
Design Fees, Demolition and Survey Costs to date	£269,866
Project Management/Supervision and Design Fees to completion	£132,537
Construction Cost	£2,115,853

Contingency (8%)	£169,268
TOTAL CAPITAL EXPENDITURE	£2,687,524

The Central Area Integrated Service Board has prioritised the development of a sub-regional Children’s Assessment Centre from regional ICF capital funding allocation.

Historically ICF Capital funding has been allocated to Health Authorities. The funding was agreed by the Regional Partnership Board and is population based. Each area Integrated Service Board then discusses and agrees its priority schemes and submits an ISB ICF Capital programme to the Regional Team.

The Regional Team collate this information from the 3 ISBs into a North Wales Regional ICF Capital Programme which then goes to the Leadership Group for approval and the RPB for endorsement. Once this is achieved the individual scheme funding applications are sent to WG for approval.

Children’s Residential Assessment Unit (CRAU) was submitted by CCBC from their Capital 2019/20 allocation. It was approved in 2019/20 via the process described above. The project didn’t spend significant resources during 2019/20 as the focus of the project was on ensuring that any project was developed and met the needs of all partners. Therefore the funding was programme managed into 2020/21.

A refreshed bid for the required 2021/22 funding is being completed by CCBC and is ready for submission to WG. It will require just over £2m of the £3.2m allocated to the Central ISB in 2021/22.

This was discussed with the 3 Directors from CCBC, DCC and BCU who agreed to prioritise Children’s Residential Assessment Unit (CRAU) from the Central Area ISB ICF Capital funding in 2021/22.

In addition separate Collaboration and Partnership Agreements are also being developed for the capital build and management, operation and revenue costs of the Children’s Assessment Centre following practical completion and sign off of the new build.

To protect all parties in relation to cost of the build, the agreement states that following the tender process, the price (Tender cost) given by the contractor is only satisfied if:-

The price given is less than or equal to the CAPEX value (being £2,687,524)

If it exceeds the CAPEX value Conwy will notify all parties within 5 working days and all parties will have 20 working day to agree either:-

- i) One or more of the parties will be fund the excess out of its or their resources or
- ii) Revision to the specification to reduce the tender costs so that the CAPEX value is not exceeded.

If there is no agreement to fund the excess and/or revision to the specification sufficient enough to reduce the excess then the Tender Cost Condition shall not be satisfied and the Agreement shall automatically terminate.

BUSINESS OPTIONS

Analysis and reasoned recommendation for the base business options of: do nothing / do the minimal or do something

Option title:		Do nothing – maintain the existing situation / Do minimum			
Please provide brief details:					
Provision would continue in its current form, with children being placed in placement in and out of county, hospital wards and secure accommodation in more challenging cases.					
Please mark with an X how this option compares with the preferred option in terms of Cost, Time, Quality and Benefits:					
Costs	Costs more	X	Time	Takes longer to deliver	
	Costs the same			Takes the same to deliver	
	Costs less			Is quicker to deliver	X
Quality	Improves the quality		Benefits	Improves benefits	
	Is the same quality			No impact on benefits	
	Is a lower quality	X		Worsens benefits	X
What is the main reason this option has not been selected?					
Continuing with the current placements will limit the early intervention and quality of care/ treatment which can be provided. Out of county placements would continue to be in an independent foster care placement via an independent agency. Costs for this type of provision are significantly higher than foster placements managed by the local authority in addition Out of County placements have hidden costs associated with staff time, travel and capacity in completing statutory visits, reviews etc.					
Option title:		To purchase an existing building and adapted to offer the type of accommodation and facilities to deliver the provision.			
Please provide brief details:					
To purchase an existing building that could be adapted to offer the type of accommodation and facilities required to deliver the level of services and support to the children, families and carers.					
Please mark with an X how this option compares with the preferred option in terms of Cost, Time, Quality and Benefits:					
Costs	Costs more	X	Time	Takes longer to deliver	
	Costs the same			Takes the same to deliver	X
	Costs less			Is quicker to deliver	
Quality	Improves the quality		Benefits	Improves benefits	
	Is the same quality			No impact on benefits	X
	Is a lower quality	X		Worsens benefits	
What is the main reason this option has not been selected?					
This is not the preferred option as (a) there is no suitable building available on the market and (b) currently no capital funding is available to acquire such a building. The building would not be 'purpose built' and would need to be reconfigured in order to deliver the service model requiring additional capital expenditure. There would also be challenges to ensure an older building was energy efficient and met the needs of its users.					

EXPECTED BENEFITS

The benefits that the project will deliver expressed in measurable terms against the situation as it exists prior to the project

1. Reduction of emergency placements outside of the Region by enabling time for good matching and placement planning in crisis situations.
2. Reduction of children going in to care proceedings.
3. The centre will assist in the reduction of children becoming LAC, and entering the system long term.
4. Long term, it is envisaged that CRAU will be a 'spend to save' project and it is estimated that the source of revenue funding could be realised through providing children in need with the professional care and support they need within county transforming provision and reducing out of county placements.
5. In house placements for fostering would reduce placement cost by approximately 50% compared with out of county placements.

EXPECTED DIS-BENEFITS

Outcomes perceived as negative by one or more stakeholders

The expected dis-benefits will be managed by CCBC due to the site location and being the lead partner.

Local residents are dissatisfied with the location of the site.

The appropriation of land from Eirias park to allow the site to be developed may pose some objection from local residents and park users.

TIMESCALE

Over which the project will run (summary of the Project Plan) and the period over which the benefits will be realised

Date	Milestone
Dec 2020	Contract out to tender
Feb 2021	Tender awarded/ contractor appointed
March 2021	Technical design stage
April 2021	Start of Construction Stage
April 2022	Works complete

CAPITAL COSTS – CONSTRUCTION PROJECTS

**COMPLETE ALL THREE TABLES BELOW FOR CONSTRUCTION PROJECTS
LEAVE BLANK/DELETE SECTION FOR BUSINESS DEVELOPMENT PROJECTS**

The capital cost of a project is an important consideration in terms of whether or not it should proceed.

- Any costs relating to ICT infrastructure and equipment should have been provided by ICT department.
- Any costs that relate to construction should have been provided by Design & Development or Building Services.

Please provide details of any capital funding that has already been spent on the project:	
Enter details of cost element below:	Total
Design Fees, Demolition and Survey Costs	£269,866
TOTAL	£269,866

Please provide details of the capital funding requirement (not including amount already spent):				
Enter details of cost element below:	2021/22	2022/23	Future Years	All Years Total
Feasibility (surveys, market research, etc)				
Client side project management	£132,537			
Land/property acquisition				
Land preparation/remediation				
Demolition and/or site security				
Construction, refurbishment or maintenance	£2,115,853			
BREEAM rating of "Excellent"				
Security measures (CCTV, door entry, etc)				
Fire prevention measures (sprinklers, etc)				
External landscaping and other works				
Land/property acquisition				
Highways work				
ICT infrastructure and hardware				
Fixtures & fittings				
Furniture				
Planning/Building Regulation Costs				
Design Team Fees (architects, QS, etc)				
Legal Costs and Fees				
Marketing/Consultation				
External Project Support (eg gateway review)				
Project Contingency (8%)	£169,268			
OTHER (please enter)				
OTHER (please enter)				
OTHER (please enter)				
TOTAL	£2,687,524			

Please provide details of proposed capital funding sources					
Enter details of funding source	Status:	2019/20	2021/22	Future Years	TOTAL
ICF Funding		£853,593	£1,833,931		£2,687,584
TOTAL					£2,687,524

REVENUE COST IMPACT

TO BE COMPLETED FOR ALL PROJECTS

In considering whether a project should be developed due regard should be made to the potential impact on revenue budgets.

If the activity will result in a requirement for additional revenue funding, please provide details below:			
What is the impact of this project in terms of the <u>annual</u> revenue requirement for:	Existing Revenue Budget	Post-project Revenue Budget	Increase/Decrease
Staff costs (salaries and associated) – Multi Disciplinary Team		£359,627	£359,627
Staff costs (salaries and associated) – Residential Team		£506,264	£506,264
energy costs (heating, lighting, ICT, etc)		£19,000	£19,000
property maintenance and servicing costs		£86,000	£86,000
other property related costs (rental, insurance, etc)		£80,000	£80,000
ongoing ICT costs (licences, etc)		£20,000	£20,000
mileage of Denbighshire fleet vehicles			
mileage for business travel by Denbighshire employees using their personal vehicles			
OTHER (please enter)			
OTHER (please enter)			
OVERALL REVENUE REQUIREMENT		£1,070,891	£1,070,891

Please provide brief details of the revenue impact of this project:

- Where revenue savings are forecast, you should detail what is proposed for the saving (e.g. reduction of an existing revenue budget, re-allocation of revenue to alternative services area, etc)
- Where revenue increases are forecast, you should provide details of how the revenue shortfall will be addressed. In this instance you should also append a three year surplus/deficit forecast.
- Details of any one-off revenue cost requirements that may be required post-project implementation (e.g. recruitment, redundancies, etc). DO NOT include any costs detailed in the capital section of this Business Case

- Costs provided above are indicative, and will be confirmed as part of the separate funding and governance arrangements which will be developed in the coming months for the site.
- Costs are a combined total which will be split between DCC and CCBC.
- For year 2021/22 there is an allocated budget of £112,349 to cover all running and overhead costs.
- Indicative none staffing costs are (£200,000) cover all running and overhead costs based on a similar project which has been developed by CCBC. The costs will be firmed up as part of the Collaboration and Partnership Agreements in due course.
- The transformation funding will end in March 2022 which currently cover the above staff costs.
- The residential team staff costs are to cover a maximum 2 child residential unit - cost will need to be increased proportionally to cover additional children.
- The current average cost of care placement per week is £4,500 per child – the team will be looking to work with 4 children/ young people at a time. As a minimum this could delay children/ young people being sent into care at a cost of £936,000 (relating to CCBC and DCC children)

PROJECT MANAGEMENT

Please provide details of proposed project management – Establishment of Project Board etc

Denbighshire County Council (DCC), Conwy County Borough Council (CCBC) and Betsi Cadwaladr University Health Board BCU are working in partnership on this scheme which is located in Conwy, with CCBC the Lead Partner.

The project board has been established, a project governance has been agreed between the 3 partners and key stakeholders from all 3 partners have defined roles within the project board. Project sponsor for the project is CCBC'S Strategic Director of Social Care and Education Services.

Project management will be led by CCBC with project management support from DCC by the Modernising Education Team.

STATUTORY REQUIREMENTS / HEALTH & SAFETY

This section should identify how the activity will help Denbighshire meet any of its statutory requirements. Please include any Health & Safety Issues that the activity will address in this section. Please leave blank if not applicable.

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CARBON MANAGEMENT IMPACT

Please consult with Council's Principal Energy Manager (rob.jones@denbighshire.gov.uk) and the Council's Climate and Ecological Change Programme Manager (climatechange@denbighshire.gov.uk) before completing this section.

Denbighshire has committed to reducing its carbon emissions from buildings and fleet by at least 15% by 2022, for the Council to be net carbon zero by 2030 (buildings, fleet, waste, business travel, staff commuting, street lighting) and for the Council to reduce its supply chain emissions by 35% by 2030.

The Business Case requires you to make a forecast for the anticipated carbon emissions impact of the project.

Annual Forecasts:	Annual (current)	Carbon (kgCO2e)	Annual (Post Project)	Carbon (kgCO2e)	Carbon Variance	Comments
Money spent on external goods and services (UNIT= £)						
Energy consumption in buildings: (UNIT = kWh)						
Mileage of Denbighshire Fleet vehicles: (UNIT = miles travelled)						
Tonnes of waste produced going to landfill: (UNIT = tonnes)						
Tonnes of waste produced being recycled: (UNIT = tonnes)						
Mileage of Business Travel (personal vehicles): (UNIT = miles travelled)						
Mileage of Staff Commute: (UNIT = miles travelled)						
Energy consumption in Street Lighting: (UNIT = kWh)						
One off Forecasts:						
Money spent on external goods and services (UNIT= £)						

Annual Forecasts:	Annual (current)	Carbon (kgCO2e)	Annual (Post Project)	Carbon (kgCO2e)	Carbon Variance	Comments
TOTAL CARBON EMISSIONS						

Forecasts:	Current	Carbon Absorption (kgCO2e)	Post Project	Carbon Absorption (kgCO2e)	Carbon Absorption Variance	Comments
Hectare of Grassland						
Hectares of Forestland						
TOTAL CARBON ABSORPTION						

Please highlight the appropriate cell depending on whether on balance this project helps, hinders or is neutral to the Council's goal to become net carbon zero by 2030.

Net Carbon Zero Summary	HELPS	HINDERS	NEUTRAL
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Please provide brief details of the carbon impact of this project, and detail specific actions that will be taken to reduce carbon emissions. If carbon emissions are expected to increase as a result of this project, please provide details of proposed actions to compensate for this increase in other areas of the Service's activity and/or via tree planting/land management for the benefit of carbon sequestration.

The project is being led by CCBC and therefore the Carbon Management Impact is being managed by Conwy.

Climate Change Lead Officer statement:

Please provide a statement from the Climate Change Lead Officer. Contact Helen Vaughan-Evans on climatechange@denbighshire.gov.uk.

Supplied by:	Date:
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BIODIVERSITY IMPACT

Please consult with Denbighshire’s Biodiversity Lead Officer before completing this section. Contact Joel Walley on joel.walley@denbighshire.gov.uk.

The Council has a statutory duty to ensure compliance and enforcement of the Habitats Regulations (as amended in 2017). Furthermore, the Environment (Wales) Act, 2016 requires the Council to maintain and enhance biodiversity, and promote the resilience of ecosystems. At this pre-feasibility stage, please determine the anticipated impact of the project on biodiversity, and proposed measures to ensure the project results in an overall biodiversity enhancement.

Please mark a cross in the appropriate box.

Will this project impact on a habitat that supports living organisms (plant or animal), or involve physical works to property or Land?	Yes	x	No	
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If you have answered yes to the above question, please complete all the following biodiversity sections. If answered no, please leave blank

IMPACTS ON BIODIVERSITY	Yes	x	No	
Has an ecological appraisal or survey of the site or proposals taken place?				
Link:				
Please provide brief summary of survey findings, or provide a copy of the ecological report for review:				

The project is being led by CCBC and therefore the Biodiversity Impact is being managed by Conwy and its consultants.

Please provide brief details of how the project will avoid harm to biodiversity.

Please provide brief details of how the project will mitigate and compensate for any harm to biodiversity.

Please provide brief details of how the project will enhance biodiversity and restore ecosystem resilience.

Ecology Officer summary:

Please provide a statement from the Biodiversity Lead Officer. Contact Joel Walley on joel.walley@denbighshire.gov.uk.

Name: _____ **Date:** _____

MAJOR RISKS TO THE PROJECT

A summary of the key risks associated with the project together with the likely impact and plans should they occur is provided below:

Title	Inherent Risk	Mitigating Action	Residual Risk
DCC's contribution from the regional ICF capital funding allocation to proceed with the development of a sub – regional Children's Assessment Centre is not approved	The project will not have the necessary funding to progress.	<p>The Central Area Integrated Service Board has prioritised the development of a sub-regional Children's Assessment Centre from regional ICF capital funding allocation.</p> <p>There is no capital cost to the authority envisaged for the project.</p> <p>In addition the Funding Agreement protects all partners with respect to the cost being less than or equal to The CAPEX value (£2,687,524).</p>	
Increased costs for the project during construction.	Will mean an increase in the project cost or a reduction in elements of the project.	Review costs at key milestones in the project	Cost of any potential unforeseen costs which may arise e.g. due to site conditions.

Likelihood	A - Almost Certain					
	B - Highly Likely					
	C - Probable					
	D - Possible					
	E - Rare					
		5 - Very Low	4 - Low	3 - Medium	2 - High	1 - Very High
		Impact				

SUPPORTING INFORMATION

Please list any supporting documents that accompany this Business Case

ANNUAL CAPITAL BIDS – BLOCK ALLOCATIONS

Please provide details of expenditure and commitments for allocations received in the current financial year.

COUNTY LANDLORD STATEMENT

Please provide a statement from the County Landlord and where applicable the recommendation of the Asset Management Group

Supplied by: _____ **Date:** _____

CHIEF FINANCE OFFICER STATEMENT

This project aims to improve the provided to vulnerable children while also reducing the ongoing pressure in Out of County Placements. The capital element of the project is grant funded. There is still work ongoing to clarify the revenue budget impact, however as this service area is experiencing year on year financial pressures due to the numbers and complexity of placements, it is unlikely that the service will be able to fund the additional revenue costs from within existing budgets. In effect the project, if successful, is likely to reduce ongoing pressures in this area. The revenue impact will need to be discussed as part of the budget process for 2022/23.

Supplied by: **Steve Gadd** **Date:** **12 February 2021**

VERIFICATION:

Project Manager:	Joseph Griffiths		
Project Sponsor:	Rhiain Morrle		
Name:	Rhiain Morrle	Position:	Interim Head of Children's service
Signature:	<i>Insert electronic signature</i>	Date:	09/02/2021

For use by Finance:

Result of S.I.G. Review	
Date of Meeting	
Approval	
Code	