

<b>Meeting of:</b>	<b>CABINET</b>
<b>Date of Meeting:</b>	<b>13 JANUARY 2026</b>
<b>Report Title:</b>	<b>CHILDREN'S RESIDENTIAL HOME</b>
<b>Report Owner: Responsible Chief Officer / Cabinet Member</b>	<p><b>JOINT REPORT</b></p> <p><b>CABINET MEMBER FOR FINANCE AND PERFORMANCE AND CHIEF OFFICER FINANCE, HOUSING AND CHANGE AND</b></p> <p><b>DEPUTY LEADER AND CABINET MEMBER FOR SOCIAL SERVICES, HEALTH AND WELLBEING AND</b></p> <p><b>CORPORATE DIRECTOR OF SOCIAL SERVICES AND WELLBEING</b></p>
<b>Responsible Officer:</b>	<b>JADE JONES – CHILDREN'S COMMISSIONING &amp; SUFFICIENCY LEAD</b>
<b>Policy Framework and Procedure Rules:</b>	<b>There is no effect upon the policy framework or procedure rules.</b>
<b>Executive Summary:</b>	<b>This report seeks Cabinet approval to submit a report to Council requesting a capital budget for the acquisition and refurbishment of a residential property with the intention that it is developed and registered as a Children's Residential Home. The project would be included in the Capital Programme and initially funded from Bridgend County Borough Council resources, with the expectation that costs will be fully recovered from the Welsh Government Housing with Care Fund administered by the Cwm Taf Morgannwg Regional Partnership Board.</b>

## **1. Purpose of Report**

- 1.1 The purpose of this report is to seek Cabinet agreement to present a report to Council seeking approval for the inclusion of a capital budget of £1,620,450 in the Capital Programme for the proposed acquisition and refurbishment of a residential home to be registered with Care Inspectorate Wales (CIW) as a children's residential care home. Bridgend County Borough Council (BCBC)

will fund the scheme initially, but there is an assumption that some or all of the costs will be recovered from the Housing with Care Fund.

## **2. Background**

- 2.1 The Health and Social Care (Wales) Act 2025 strengthens Welsh Government's commitment to eliminating profit from the care of looked after children. Its phased implementation will prevent new for-profit registrations from April 2026, restrict expansion of existing providers from April 2027, and prohibit new placements with for-profit providers from April 2030 (ministerial approval required). The Act will also strengthen local authorities' sufficiency duties, reinforcing the need to secure local, needs-led accommodation. This national direction places increased emphasis on developing in-house provision and reducing reliance on externally commissioned placements.
- 2.2 In 2022, a population needs assessment and market stability report informed local and regional planning, including the Children, Young People and Transition Commissioning Strategy, which identifies placement sufficiency as a key priority. The development of a Placements Commissioning Strategy builds on this work, setting out how the Council will meet its statutory duties through the development of additional residential provision for children with complex needs, reducing reliance on private and out-of-county placements, and supporting the Not-for-Profit agenda. Updated placement modelling undertaken with Practice Solutions and the Institute of Public Care confirms the need for a minimum of four internal residential homes providing at least ten additional in-house beds, with all scenarios supporting this investment as a priority.

## **3. Current situation / proposal**

- 3.1 BCBC proposes to purchase a property on the open market and convert it into a children's residential home accommodating up to four children.
- 3.2 A capital bid to the value of £1,620,450 was endorsed by the Regional Capital Board on 19th December 2025 to allow consideration by Welsh Government Capital Scrutiny Panels in January 2026. Missing this deadline would have deferred the project until at least June 2026, risking the loss of the identified property.
- 3.3 The property's value is estimated at £995,000 and there will also be a requirement to pay Land Transaction Tax at £110,450. The cost of the property reflects the requirement for a larger, rural property specifically suited to the needs of these children. In addition to the acquisition cost, preliminary feasibility work is expected to be approximately £15,000. Refurbishment and furniture costs are anticipated to be in the region of £500,000. All figures are indicative and will be subject to further exploration, detailed design, and procurement. Final contractual arrangements will be subject to Council approval and legal processes. No binding commitment will be entered into until such approvals are in place.

- 3.4 While the usual Housing with Care Fund split is 35% Local Authority and 65% grant, the Welsh Government Capital Team has expressed full support for this project and confirmed they could fund up to 100% of the capital costs, subject to timely bid submission and approval.
- 3.5 If fully funded by the Housing with Care Fund, these combined costs would represent a long-term asset at no net capital cost to the Council, increasing placement sufficiency, reducing reliance on profit-making external providers, and supporting children to remain close to their local communities.
- 3.6 There is currently a significant projected underspend within the Regional Housing with Care Fund for 2025/26 and 2026/27. Officers remain confident that the capital bid already submitted will be supported by Welsh Government. Corporate Landlord colleagues are confident the purchase can be completed in this financial year (2025/2026). Welsh Government grant approval will need to be secured in advance of completion. Should completion occur after 31<sup>st</sup> March, the expenditure would fall into 2026/27; however, sufficient regional capital funds can be secured in 2026/2027 to address this if required and the risk is therefore considered low. This position will continue to be closely monitored.
- 3.7 To meet the planned timeline, the Council will need to proceed “at risk” with the acquisition while submitting a planning application in parallel. The property previously had planning permission for use as a care home, which provides some confidence, but a new application will be required for a children’s residential home.
- 3.8 Formal Welsh Government approval of the Housing with Care application will not be received until after the New Year, which would make it challenging to complete the acquisition by 31 March 2026 if the acquisition was dependent on its approval. The grant is profiled at £1,120,450 (acquisition) in 2025/26 and £500,000 (refurbishment) in 2026/27.
- 3.9 Cabinet approval is sought to present a report to Council seeking approval of a capital budget, funded from BCBC resources initially, ensuring the property can be secured within the required timescale (2025/2026). The capital budget would be funded from uncommitted capital resources, with the expectation that costs will be fully recovered from the Housing with Care Fund once Welsh Government approval is received. While the risk of non-approval is considered low, should this occur, the Council would be required to fully fund the capital costs of £1,620,450.

#### **4. Equality implications (including Socio- economic Duty and Welsh Language)**

- 4.1 An initial Equality Impact Assessment (EIA) screening has identified that there would be no negative impact on those with one or more of the protected characteristics, on socio-economic disadvantage or the use of the Welsh

Language. It is therefore not necessary to carry out a full EIA on this policy or proposal at this stage.

## **5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

5.1 The proposed acquisition and refurbishment of a children's residential home contributes to the Council's well-being objectives by:

- **Supporting vulnerable children:** Providing additional in-house residential capacity ensures children can remain close to their families and local communities, promoting their safety, stability, and long-term well-being.
- **Reducing reliance on external providers:** Developing Council-owned provision supports the Not-for-Profit agenda and reduces dependence on profit-making providers, contributing to more sustainable and equitable local services.
- **Long-term asset and service sustainability:** The property will become a long-term Council asset, supporting future service delivery and increasing placement sufficiency, aligning with the corporate objective of providing quality, sustainable services.
- **Alignment with Well-being Goals:** The proposal supports the Welsh Government's Well-being of Future Generations Goals, including a healthier, more equal, and cohesive Wales, by ensuring that children's needs are met within their local communities.

## **6. Climate Change and Nature Implications**

6.1 The proposed acquisition and refurbishment of the property has several climate-related considerations:

- **Energy efficiency:** Refurbishment works will incorporate energy-efficient measures wherever possible, including insulation, low-carbon heating systems, and energy-efficient lighting, in line with the Council's sustainability objectives.
- **Reduced travel emissions:** By providing local residential provision, the proposal may reduce the need for children to be placed in out-of-county homes, decreasing travel distances and associated carbon emissions.
- **Sustainable building standards:** The project will consider sustainable construction and refurbishment practices to minimise environmental impact and support the Council's commitment to reducing its carbon footprint.

6.2 Overall, while the primary purpose of the project is to meet children's care needs, opportunities to support the Council's climate change and sustainability objectives will be actively considered during refurbishment.

## **7. Safeguarding and Corporate Parent Implications**

7.1 The proposed acquisition and refurbishment of a children's residential home directly supports the Council's responsibilities as a Corporate Parent:

- **Enhancing placement sufficiency:** By increasing in-house residential capacity, the Council can better meet the needs of children in care, ensuring placements are appropriate, stable, and close to their communities.
- **Promoting safeguarding:** Owning and managing the provision allows the Council to maintain robust safeguarding standards, monitoring, and oversight, reducing reliance on external providers and ensuring children's safety.
- **Supporting corporate parenting duties:** The project demonstrates the Council's commitment to fulfilling its statutory corporate parenting responsibilities by providing high-quality, locally based care for children with complex needs.

7.2 Overall, the proposal strengthens the Council's ability to safeguard vulnerable children and deliver on its corporate parenting obligations.

## 8. Financial Implications

### 8.1 Capital

The proposed acquisition and refurbishment of the children's residential home is expected to cost approximately £995,000 for the property acquisition and up to £500,000 for refurbishment and furniture. Additional costs include Land Transaction Tax of £110,450 and preliminary feasibility work of £15,000. Funding is anticipated to be fully covered by the Housing with Care Fund (HCF), in which case there would be no net capital cost to the Council.

	Estimated Cost (£)
Acquisition	£995,000
Land Transaction Tax	£110,450
Refurbishment & Furniture	£500,000
Feasibility	£15,000
<b>Total</b>	<b>£1,620,450</b>

### 8.2 Revenue - Comparing external costs against internal provision

The table below demonstrates that in comparing average external placement costs as at the 31<sup>st</sup> March 2025 with estimated internal costs that there will be anticipated revenue cost savings of £292,707 per annum.

Property	Estimated Internal Revenue cost		Average Annual External Residential Cost as at Mar-25	Annual Cost reduction/ cost avoidance
4 bed (multi occupancy)	Total costs Per annum if 4 children are placed	£820,169	£1,112,876	£292,707
	Annual cost Per child	£205,042	£278,219	£73,177
Annual cost reduction/ avoidance (based on 100% occupancy)				<b>£292,707</b>

- 8.3 The Medium Term Financial Strategy 2025/26 to 2028/29 approved by Council in February 2025 included a budget pressure of £885,000 to address gaps in the placement provision in Bridgend in relation to addressing the Health and Social Care Bill to reform the children's social care system. Running costs for Home 1 are £779,528 per annum, which leaves £105,472 from the budget pressure available towards the costs of this second home. A further budget pressure has been submitted as part of the Medium Term Financial Strategy process for 2026-27 to 2029-30, and officers will continue to work with colleagues in finance to review and manage the revenue budget.

## 9. Recommendation

It is recommended that Cabinet:

- 9.1 agrees that a report be presented to Council for approval of a capital budget of £1,620,450 be included in the Council's Capital Programme for the acquisition and refurbishment of a children's residential home to be initially funded from BCBC resources, on the assumption that some or all of the costs will be recovered via the Welsh Government Housing with Care Fund;
- 9.2 note the risks associated with Welsh Government approval and subject to Council approval, support proceeding "at risk" with the acquisition to meet the 2025/26 timeline, with refurbishment planned for 2026/27.

## Background Documents

None