

### Relocation of Lansdowne Residential Unit - Financial Appraisal

This report provides details of the options available to relocate the service provided by the Lansdowne Open Unit, together with a comparison of estimated revenue and capital costs and other finance related issues. The options are as follows:

- (a) Continue the current service at Lansdowne
- (b) Relocation of the open unit to Rose Cottage and Homefield Cottages
- (c) Placement of the existing beds in the independent sector
- (d) Renting of two 4/5 bedded domestic style properties
- (e) Purchase of two 4/5 bedded domestic style properties

Revenue Appraisal	Option				
	A	B	C	D	E
Current Base Budget	654	-	-	-	-
Operating Budget to run two separate homes	-	600	-	600	600
Independent sector placements are generally more expensive than an in-house solution. The cost of spot placements in the independent sector average £2,750 per week for the 8 children	-	-	1144	-	-
Rental of Two 4/5 Bedded Residential Establishments	-	-	-	60	-
Additional night care officers required as a result of the relocation of the open unit.	-	32	-	32	32
<b>Total Revenue Cost £'000s</b>	<b>654</b>	<b>632</b>	<b>1144</b>	<b>692</b>	<b>632</b>
The relocation provides an opportunity to redevelop the whole Lansdowne site to provide a larger 10/12 bedded secure unit. There is therefore the potential to increase the income surplus (currently £231k) from other local authorities, who may place children in the new facility.	X	✓	✓	✓	✓

Capital Appraisal	Option				
	A	B	C	D	E
Current agreed capital programme investment	(560)	(560)	(560)	(560)	(560)
Sale of Rose Cottage and Home Field Cottages	(495)	-	(495)	(495)	(495)
Purchase of two 4/5 Bedroom homes	-	-	-	-	700
Refurbishment and Adaptation cost of residential homes	-	560	-	560	560
<b>Total additional Capital Cost / (Savings) £'000s</b>	<b>(1055)</b>	<b>-</b>	<b>(1055)</b>	<b>(495)</b>	<b>205</b>
The relocation will free up the site for redevelopment with potential capital funding from The Department for Education and Skills.	X	✓	✓	✓	✓

## Conclusion

Options (b) and (e) provide the best revenue outcome; Options (a) and (c) provide the best capital outcome

Option (a) is more expensive in respect of revenue costs and does not meet the overall strategy to modernise the children's residential service.

Option (c) should meet the overall strategy, but is considerably more expensive, in revenue terms compared with the other options.

Option (b) therefore represents the best option in respect of revenue cost, meeting the service strategy