

Penrhos

# RESIDENTIAL AND NURSING CARE HOME DEVELOPMENT

Outline Business Case



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GIG  
CYMRU  
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Bwrdd Iechyd Prifysgol  
Betsi Cadwaladr  
University Health Board

# **Penrhos Care and Nursing Home**

## **Outline Business Case (OBC)**

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**Related project documents**

<b>Executive Summary</b>	<b>7</b>
Executive Summary	8
<b>Document Purpose</b>	<b>18</b>
Document Purpose	19
Document Structure	19
<b>Strategic Case</b>	<b>20</b>
1. Strategic Case	21
1.1 Introduction	21
1.2 Penrhos Partnership	21
1.3 National Context	23
1.4 Local Context	38
1.5 The Case for Change	40
1.6 Current Arrangements	52
1.7 Benefits	58
1.8 Risks, Constraints and Dependencies	62
1.9 Conclusion of the Strategic Case	65
<b>Economic Case</b>	<b>66</b>
2.1 Introduction	66
2.2 Critical Success Factors	67
2.3 Options Assessment	68
2.4 Economic Appraisal	70
2.5 Scheme Costs	72
2.6 Monetised Benefits	74
2.7 Benefit Cost Ratio	82
2.8 Sensitivity Analysis	83
2.9 Switching Values	83
2.10 Conclusion of the Economic Case	84
<b>Commercial Case</b>	<b>85</b>
3. Commercial Case	86
3.1 Introduction	86
3.2 Procurement Strategy and Route	86
3.3 Key Contractual Arrangements	98

3.4 Risk Allocation	101
3.5 Personnel Implications	101
3.6 Contractual Issues	102
3.7 Accountancy Treatment	102
3.8 Project Bank Account	103
3.9 Conclusion of the Commercial Case	103

---

<b>Financial Case</b>	<b>104</b>
4. Financial Case	105
4.1 Capital Arrangements	106
4.2 Funding Approach	107
4.3 Confirmation of Support	108
4.4 Revenue Requirements	108
4.5 Sensitivities	110
4.6 Conclusion of the Financial Case	111

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<b>Management Case</b>	<b>112</b>
5. Management Case	113
5.1 Introduction	113
5.2 Programme Governance Arrangements	113
5.3 Programme Management Arrangements	115
5.4 Project Management Arrangements	117
5.5 Project Plan	117
5.6 Communication and Engagement	117
5.7 Change Management	119
5.8 Risk Management Plan	120
5.9 Outline Arrangements for Benefits Realisation	121
5.10 Conclusion of the Management Case	122

## Appendices

Gwall! Dalennod heb ei diffinio.5

Figure 1 - A thematic analysis of the partnership objectives yields convergence across 5 years.....	23
Figure 2 - Overview of the Wellbeing Goals of the Future Generations Act.....	27
Figure 3 - Population by age group .....	41
Figure 4 - Population change by age group in Gwynedd, 2011 to 2021 .....	41
Figure 5 - The age and sex distribution of the population of Wales in 2021 .....	42
Figure 6 - Projected increases in the number of people with dementia in the UK, by age group, from 2012 to 2051 ....	44
Figure 7 - Estimated number of people with dementia between 2020 and 2040 .....	45
Figure 8 - Map of current residential care homes and care homes with nursing in the Llyn area.....	52
Figure 9 - Benefits workshop activity .....	60
Figure 10 - Penrhos benefits logic map .....	61
Figure 11 - Mobilisation of the professional team.....	100
Figure 12 - RPB's governance framework.....	114
Figure 13 - Programme and project management arrangements .....	116
Figure 14 - Stakeholder map .....	119
Figure 15 - Benefits process .....	121
Table 1 - Table outlining the different strategic objectives of the three partners.....	22
Table 2 - Relevance of the wellbeing goals to Penrhos .....	27
Table 3 - Number of individuals on the waiting list for nursing beds in Gwynedd 2025.....	48
Table 4 - Number of patients delayed 2025.....	48
Table 5 - Investment Objectives .....	57
Table 6 - Key service requirements .....	58
Table 7 - SOC Benefits Analysis .....	59
Table 8 - Key benefits of the project.....	60
Table 9 - Most impactful risks .....	63
Table 10 - Constraints.....	64
Table 11 - Dependencies.....	65
Table 12 - Critical Success Factors .....	68
Table 13 - Longlist of Options.....	69
Table 14 - Assessment of Longlist Options .....	69
Table 15 - Rationale behind ratings.....	70
Table 16 - Appraisal summary for the preferred and do minimum options .....	71
Table 17 - Scheme costs .....	72
Table 18 - Discounted costs .....	73
Table 19 - Adjusting for deadweight .....	73
Table 20 - Assessment of the net additional construction costs.....	74
Table 21 - Social value outputs .....	75
Table 22 - Assessment of additionality .....	76
Table 23 - Baseline number of A&E admissions .....	79
Table 24 - Admissions per year .....	80
Table 25 - Benefit cost ratio .....	82
Table 26 - Sensitivity Analysis .....	83
Table 27 - Altering BCR to 1.5:1 .....	84
Table 28 - Altering BCR to 1.0:1 .....	84
Table 29 - Structure of the Commercial Case .....	86
Table 30 - Options for route to market.....	88
Table 31 - Approach to Open Market .....	89
Table 32 - SWOT Analysis for open procedure .....	89
Table 33 - SWOT Analysis for restricted procedure .....	90
Table 34 - Framework Analysis .....	93
Table 35 - Assessment of available frameworks .....	94
Table 36 - Lots and value boundaries .....	96
Table 37 - Lot 5 contractor summaries .....	97
Table 38 - Differences between the two options in the context of five key areas.....	98
Table 39 - Advantages and disadvantages of design and build.....	99
Table 40 - Arrangements for facilities management.....	101
Table 41 - Risk allocation.....	101
Table 42 - Works contract.....	102

Table 43 - Cygnor Gwynedd professional services contract .....	102
Table 44 - Wakemans professional services contract .....	102
Table 45 - Lovelock Mitchell professional services contract.....	102
Table 46 - Structure of the financial case .....	105
Table 47 - Estimated costs in the SOC.....	106
Table 48 - Costs for the preferred option.....	106
Table 49 - Forecast capital expenditure .....	107
Table 50 - Upfront capital requirements .....	107
Table 51 - Market prices .....	108
Table 52 - Summary of the revenue costs.....	108
Table 53 - Occupancy rates and expenditure/income .....	109
Table 54 - Council accounting position .....	109
Table 55 - Sensitivity analysis across two forecast horizons.....	110
Table 56 - Structure of the management case .....	113
Table 57 - Current advisors and roles .....	116
Table 58 - PRINCE2 based controls for project management .....	117
Table 59 - Project milestones .....	117
Table 60 - Key stakeholders .....	118
Table 61 - PRINCE2 risk management procedure .....	120
Table 62 - Assessment of risks.....	121

# Executive Summary



# Executive Summary

## Strategic Case

Social care services in Northwest Wales face difficulties due to a growing need of care and support, especially among the older demographic. This Outline Business Case addresses the growing demand for high-quality care services in the region. With an aging population and increasing pressure on existing care facilities, this project presents an opportunity to enhance local healthcare infrastructure while ensuring a sustainable and compassionate approach to elderly care. The first census results published in August 2022 revealed a decline in the working-age population over the past decade which creates additional challenges in a rural area to ensure sufficient staff to provide care.

### Project Overview:

The Penrhos project proposes the development of a new, innovative, purpose-built care facility on the Penrhos site in Northwest Wales. It will deliver a residential and nursing care home comprising 32 residential dementia beds and 24 nursing beds, of which 8 will be nursing dementia beds, designed to modern regulatory standards, including full en-suite provision and dementia friendly features. The scheme is a partnership between Cyngor Gwynedd, Betsi Cadwaladr University Health Board, and ClwydAlyn Housing Association. It forms part of the wider Penrhos integrated health and care campus and aligns with local and national policy priorities to rebalance the care market, support bilingual care delivery, and deliver high-quality, sustainable accommodation closer to home. Subject to funding approval through the Integration and Rebalancing Capital Fund (IRCF), the project will be progressed through detailed design and procurement in 2026–2027, with construction anticipated to begin in 2027. Completion and handover of the new facility are expected in 2029, with full operation by the end of that year. The total capital costs for the new care facility are estimated at £19.634m and the anticipated revenue costs are directly linked to occupancy levels within the care home. At 92%, it is assessed that the scheme will break even and generate a small profit.

### The Case for Change

The development of the Penrhos Nursing and Residential Care Home is essential to address the growing demand for care services in Gwynedd. With more people living longer, as highlighted in the Gwynedd Population Needs Assessment (2022-27), the region faces a significant increase in its older population, leading to greater pressure on healthcare services and community support. The rise in individuals with dementia, mental health illnesses, and complex health needs further intensifies the need for specialised care facilities. Additionally, challenges such as limited access to care and delayed hospital discharges place a strain on local authorities and health services, emphasising the urgency for improved residential and nursing care options. The Penrhos development aims to provide high-quality, person-centred care to meet these growing needs while supporting the sustainability of healthcare services in the region.

As the care needs of the county changes, Cyngor Gwynedd have been working with the Health Board to ensure simple and direct access to services that supports what is important to older people in Gwynedd. An approach that puts more emphasis on health and wellbeing and preventative work ensures better outcomes for individuals, enables them to live independently for as long as possible and reduces the need for complex care.

There are a total of 128 residential beds in the Llŷn and Eifionydd district but there is an increasing shortage of nursing beds for the needs of the population. Unfortunately, there is a dire shortage of nursing home spaces across the county, and which is more acute in the Llŷn area with no nursing provision at all. The independent sector provides all the county's nursing provision because it has not been legally possible for Local Authorities to provide nursing care. Therefore, there is full dependency on the external market to provide nursing care provision for the population. As a result, delays are created for individuals to receive the care they need, or individuals may be forced to go to an alternative location which might be further away from their community of choice, causing a huge inconvenience in their lives. It means that people must travel to find suitable and qualified provision, increasing pressure on housing in the areas they would move to. We also know that some individuals must look for locations outside the county which creates difficulty in terms of visiting and maintaining contact with families and it can be more difficult to receive a service in Welsh.

The Health and Social Care IRCF guidance references the 'Rebalancing Care and Support' White Paper which sets out ministerial ambitions to rebalance the sector away from cost to quality, from outputs to outcomes and from profit towards social value. The Penrhos care home project meets the second priority of the fund which is *Priority 2 - Rebalancing the residential care market*.

## Benefits

The benefits of the project are listed in the table below:

Investment Objectives		Main Benefits Criteria
1	To support the rebalancing of the residential and nursing care market (for the Gwynedd area) by increasing delivery from the public / not for profit sector focused on delivering person centred outcomes for all.	<ul style="list-style-type: none"> <li>• Securing of 'not for profit' nursing provision in local area</li> <li>• Flexible health and care provision ("seamless care" as described in 'A Healthier Wales')</li> <li>• Partnership approach between Health and Local Authority may provide further opportunities for integrated approaches</li> </ul>
2	To support the provision of care closer to home by improving the accessibility of residential and nursing care, ensuring provision of services in the Welsh language.	<ul style="list-style-type: none"> <li>• No-one stays longer than they need to in acute inpatient care. There are no "delayed transfers of care" due to lack of provision of residential and nursing beds</li> </ul>
3	To support sustainability of local residential and nursing care provision through a collaborative, partnership approach which will integrate with the wider spectrum of care delivered from the Penrhos site.	<ul style="list-style-type: none"> <li>• By having public sector provision in nursing – ability to understand more acutely the pressures of sector and ability to support smaller providers.</li> </ul>
4	To develop an innovative workforce model that will support the long-term health and social care sector with the potential for application in other areas of North Wales and create opportunities for training through Welsh Language.	<ul style="list-style-type: none"> <li>• Employment opportunities for residents</li> <li>• Provide residents with the right skills for long term employment</li> <li>• Provide school leavers with career aspirations meaningful and long-term employment</li> <li>• Local supply chain is supported and grown</li> <li>• Ability to train and develop medical, nursing and care staff through secondment and shadowing opportunities within the provision</li> <li>• Welsh language skills of all staff will be part of the recruitment policy of Council.</li> </ul>
5	To ensure purposefully designed accommodation which will meet the care needs of individuals both now and into the future.	<ul style="list-style-type: none"> <li>• Providing a modern, accessible working environment that motivates different professional groups to operate collaboratively</li> <li>• Provides a demonstrable vision for service integration</li> <li>• Positive contribution towards decarbonisation / net zero agenda; Accommodation that meets current building recommendations (e.g. HBN / DDA / ventilation / infection prevention)</li> <li>• Meets BREEAM aspirations.</li> </ul>

## Strategic Case Conclusion:

The Strategic Case clearly demonstrates a strong rationale for investment in a new 56 bed residential and nursing care home at Penrhos as there is no nursing provision at all in the Llŷn area; it responds directly to the increasing demand for high-quality, bilingual residential and nursing care in Gwynedd. There is full dependency on the external market to provide nursing care provision for the population. As a result, delays are created for individuals to receive the care they need, or individuals may be forced to go to an alternative location which might be further away from their community of choice, causing a huge inconvenience in their lives. It means that people must travel to find suitable and qualified provision, increasing pressure on housing in the areas they would move to. We also know that some individuals must look for locations outside the county which creates difficulty in terms of visiting and maintaining contact with families and it can be more difficult to receive a service in Welsh. It also supports timely discharge from hospital through integrated models of care. The scheme aligns with local, regional, and national priorities and offers a sustainable, long-term solution to support the health and wellbeing of older adults and those with complex needs. The proposal also delivers wider system benefits through workforce development, decarbonisation, and market rebalancing, and presents a unique opportunity to transform care delivery across the region.

As commissioners, Cyngor Gwynedd and the Health Board are looking to address these issues by becoming providers of a care home with nursing. As commissioners, the partners are looking to intervene where the market has not provided a solution.

There are two potential models or contractual arrangements for Cyngor Gwynedd and BCUHB to deliver the proposed new public sector residential and nursing home in Penrhos. These have recently been assessed by Carmarthenshire County Council and Hywel Dda University Health Board as part of a very similar project in Carmarthen to build and run a 60-bed residential and nursing home. The two models are:

- Option 1 – Partnership Model: The Health Board employs the nursing staff, retaining clinical oversight. The Local Authority would have run the home itself and be the registered body with CIW.

This would mean that the HB would fund the nursing staff (from existing CHC budgets) and Local Authority would separately charge the HB for the overheads associated with running a care home – this would represent a new contractual arrangement;

- Option 2 – Delegated Model: The Local Authority employs all staff, including nursing staff, under a delegated responsibility from the Health Board. The Local Authority would run the home and be the registered body with CIW. Under this arrangement, the contractual arrangement would remain the same as now with the HB commissioning care placement from the LA via CHC / FNC budgets.

The OBC does not presently articulate the definitive future contracting arrangements as this will depend on which model is followed. These arrangements will be defined at FBC stage.

The Health and Social Care IRCF guidance references the 'Rebalancing Care and Support' White Paper which sets out ministerial ambitions to rebalance the sector away from cost to quality, from outputs to outcomes and from profit towards social value. The Penrhos care home project meets the second priority of the fund which is *Priority 2 - Rebalancing the residential care market*.

## Economic Case

The Economic Case assesses the value-for-money proposition of the proposed investment in Penrhos, ensuring it delivers optimal economic benefits for stakeholders and the wider community.

### Critical Success Factors

Before identifying the potential options available to deliver the investment objectives, it is important to establish the Critical Success Factors (CSF) against which the options will be assessed. A workshop between the project partners identified and agreed the following CSFs.

Critical Success Factor	Description
<b>Strategic fit and business needs</b>	Meets agreed spending objectives, related business needs and service requirements. Align with local and national strategic direction.
<b>Potential VFM</b>	Optimise public value (social, economic, and environmental) in terms of potential costs, benefits, efficiencies and risks.
<b>Potential achievability</b>	The ability of the Cyngor Gwynedd/ BCUHB partnership to deliver the required services and deliverables.
<b>Supply-side capacity and capability</b>	The partnership's ability to innovate, adapt, introduce, support, and manage the required level of change, including the management of associated risks. The partnership's ability to further develop progressive and collaborative working within and across boundaries.
<b>Potential affordability</b>	The partnership's ability to fund the required level of expenditure – namely, the revenue consequences associated with the proposed investment and service delivery model.

### Longlist of Options

The longlist of options to deliver the investment objectives were identified as follows:

Option	Description
1	Business as usual. Continued lack of provision locally.
2	Commission all beds from a private provider.
3	Re-purpose community hospitals to provide suitable residential care accommodation.
4	24/7 home care for nursing and residential provision. No new residential beds provided.
5	Single partner delivery approach. LA provider only or HB provider only.
6	Partnership between LA and HB – refurbish existing Penrhos care home.
7	Partnership between LA and HB – build a new care and nursing home facility at Penrhos.

Each of these options has been subject to a Multi Criteria Decision Analysis using critical success factors. A rationale of how each longlist option performed is set out in the table below:

Option	Rationale
<b>Option 1: Business as usual</b>	Does not meet service requirements or deliver associated benefits. High cost associated with the use of private provision outside of the local area. <b>Discounted but considered in the economic appraisal to allow comparison against base case.</b>
<b>Option 2: Commission all beds from a private provider</b>	No private nursing provision currently in place in the Llŷn area. Evidence to date shows private sector unlikely to enter the market locally. <b>Does not meet service requirements and therefore is discounted.</b>
<b>Option 3: Re-purposing community Hospitals</b>	The Bryn Beryl site would have to be repurposed to ensure care closer to home. This would likely impact on other hospital services, impacting on the wider health and care system. <b>Option is discounted.</b>

<b>Option 4: 24/7 home care for nursing and residential provision</b>	The availability of workforce in the area to meet demand is a significant barrier to the success of this option. Because of the lack of nursing home beds, this option represents a risk of people with high needs living alone. <b>Option is discounted.</b>
<b>Option 5: LA provider only, HB provider only</b>	No partner can provide nursing care without the partnership of the Health Board. A single partner approach would not achieve the investment objectives of meet the gaps in the market identified in the strategic case. The Health Board cannot operate a care home alone, due to the inability of the Health Board to charge residents for care services. <b>Option is discounted.</b>
<b>Option 6: Partnership with LA and HB – refurbishment of existing Penrhos care home</b>	Gwynedd Council and Betsi Cadwaladr University Health Board have a partnership agreement in place to provide nursing home placements within the county and to establish an innovative, seamless and effective care model to meet the future needs of Gwynedd residents. A partnership is required to enable the public sector to deliver flexible and responsive nursing care. Delivery of flexible and responsive nursing care tailored to the needs of local people is not possible without this partnership between the local authority and the health board. The number of rooms that could be accommodated through refurbishment would not meet local requirements and costs of refurbishment are considered prohibitive and would not represent value for money. <b>Taken forward to the economic appraisal for comparative purposes.</b>
<b>Option 7: Partnership with LA and HB – new care and nursing home facility at Penrhos</b>	Gwynedd Council and Betsi Cadwaladr University Health Board have a partnership agreement in place to provide nursing home placements within the county and to establish an innovative, seamless and effective care model to meet the future needs of Gwynedd residents. A partnership is required to enable the public sector to deliver flexible and responsive nursing care. Delivery of flexible and responsive nursing care tailored to the needs of local people is not possible without this partnership between the local authority and the health board. The preferred option is to deliver this through a new, fit for purpose facility with the capacity to meet the requirements of the local health care ecosystem. <b>Taken forward.</b>

## Shortlist of Options

Based on the above analysis, the shortlisted options appraised through the economic assessment are therefore:

- **Option 1: Business as Usual (BaU)**
- **Option 6: Partnership with LA and HB – refurbishment of existing Penrhos care home (Do Minimum)**
- **Option 7: Partnership with LA and HB – new care and nursing home facility at Penrhos (Do Maximum, preferred option)**

The preferred option of a new nursing and residential care home at Penrhos is projected to generate £31m of Net Present Value and a Benefit Cost Ratio of 2.57:1. This compares to the do minimum option of £10m of Net Present Value and a Benefit Cost Ratio of 1.42:1.

## Economic Case Conclusion:

The economic analysis confirms that the preferred way forward - **Option 7 – forming a partnership with the Local Authority and Health Board to develop a new care and nursing home facility at Penrhos** - delivers the greatest value for money, offering the highest net benefits when assessed against the critical success factors and investment objectives. The options appraisal demonstrates that the chosen solution provides a proportionate balance of cost, risk, and benefit, with clear advantages over the alternatives. Sensitivity analysis confirms the robustness of the outcome under a range of scenarios. As such, the preferred option represents the most economically advantageous route forward.



## Commercial Case

The commercial case sets out the procurement approach, contract strategy, and commercial arrangements to deliver the preferred option. It demonstrates that the scheme is commercially viable, that the market has the capacity to deliver, and that appropriate risk allocation and legal structures are in place.

**Procurement Strategy and Route:** A review of procurement options concluded that most suitable route via Lot 5 of the North Wales Construction Partnership (NWCP – 3<sup>rd</sup> generation). This framework is designed for large-scale capital projects and priorities regional contractors, cost-efficiency, and social value.

**Key Contractual Information:** The building will be procured using a traditional procurement method with a fully developed design and a full Bill of Quantities. Contractor design will be kept to a minimum. This ensures that the client gets costs certainty whilst maintaining control of the specification. The contract will be the Joint Contracts Tribunal (JCT) Standard Building Contract with Quantities 2024.

**Facilities Management and Stakeholder Roles:** Facilities management will be delivered in-house by Cyngor Gwynedd, covering hard and soft FM, utilities and waste. A partnership agreement between the Council and Health Board is in place, defining shared responsibilities for areas of the facility and enabling future flexibility.

**Risk Allocation:** Risks have been allocated in accordance with industry best practice. The Council and Health Board retain design, operational and service delivery risks.

**Personnel Implications:** The Council will retain responsibility for staff recruitment and management. Welsh-language capability will be embedded in recruitment policy. The operational model suggested: Council-led delivery with NHS-employed nurses. Final arrangements will be defined ahead of the Full Business Case.

**Contractual Issues:** The project will comply with the Procurement Act 2024. The NWCP framework supports the use of robust contract monitoring tools, community benefits clauses, and key performance indicators that will be embedded into the final agreement.

**Accountancy Treatment:** The scheme will be treated as a capital investment on the council's balance sheet. All funding and expenditure will be recorded in line with the council's financial reporting standards. Revenue implications (e.g. depreciation, FM costs) will be factored into long-term budgets.

### Commercial Case Conclusion:

The preferred commercial approach outlined in this business case demonstrates a viable and competitive route to market that aligns with procurement regulations and delivers value for money. The proposed strategy ensures market engagement, encourages supplier innovation, and mitigates key commercial risks. Through early market testing and appropriate contractual arrangements, the project is well-positioned to secure capable delivery partners while maintaining flexibility and control. Overall, the commercial case supports a robust procurement framework that underpins successful project delivery.

Taking into account the necessary resources, possible risks, and project interdependencies, the Commercial Case shows that the Council is well-positioned to effectively procure and implement the preferred option.

## Financial Case

The financial case outlines the projected costs, revenues, and overall financial viability of this business initiative. It provides a detailed analysis of investment requirements, expected returns, and key financial risks, ensuring informed decision-making.

To appraise the preferred option on a financial basis, a financial model has been developed in which forecasted income and expenditure is input on a cashflow basis, with the new build care home appraised over a 30-year period.

## Overview of Capital Costs

A capital cost profile has been produced for ***Preferred Option 7 Partnership with LA and HB – new care and nursing home facility at Penrhos*** based on the design and layout information provided by the Council using benchmarks and market rates sourced by Wakemans.

Capital Expenditure	Item
£ 15,410,000	Construction - new build care home with nursing
£ 1,079,000	Statutory and Professional fees @ 7%
£ 500,000	Furniture & Equipment
£ 1,155,000	Project Risk Allowance 7.5%
£ 933,000	Inflation uplift @ 5.63%
£ 557,000	Optimism Bias @ 3%
<b><u>£ 19,634,000</u></b>	<b><u>TOTAL - CAPITAL EXPENDITURE</u></b>

## Costs of the Preferred Option:

### Forecast Capital Expenditure

Financial Year	% spend	£
2026/27	10%	1,963,000
2027/28	45%	8,835,000
2028/29	40%	7,854,000
2029/30	5%	982,000
<b>TOTAL</b>		<b><u>19,634,000</u></b>

This OBC is intended to secure Health and Social Care Integration and Rebalancing Capital Fund (IRCF) funding of £16.634m from the Welsh Government to create a public sector partnership development at the Penrhos site, in partnership with Betsi Cadwaladr University Health Board (BCUHB).

The Welsh Government says it will make funding available to allow Cyngor Gwynedd and the BCUHB to develop full plans for the new nursing and residential care scheme. A formal planning application is now expected to be submitted in due course before the authorities involved make a further bid for IRCF funding.

Internal capital funding of £3m will be provided by Cyngor Gwynedd from provision for match funding of projects in the care sector as outlined in the Asset Management Plan 2024-2035. This will contribute toward offsetting any deficit funding given the prevailing cost of price increases. Confirmation of this funding is included in [Cabinet report 11/06/2024](#).

Given the Council's funding is confirmed, on the basis that the £16.634m is provided in total and received in annually from Welsh Government in the sums required to support the expected expenditure profile, then the capital costs of the project will be fully funded.

## Revenue Costs

A revenue cost profile has been produced for the preferred option based on the design and layout information provided. A summary of the revenue costs is provided in the table below.

Items	Total
Staff	£ 3,213,840
Other	£ 242,989
Central costs	£ 72,248
Rental income	-£ 40,222
<b>TOTAL</b>	<b><u>£3,488,855</u></b>
Depreciation	£ 385,000

## Revenue Model

It is anticipated that the preferred option will be revenue-neutral or better for Cyngor Gwynedd and the Health Board. Current trends show that in-house residential service provision within Cyngor Gwynedd is currently at an average occupancy (occ) level of 92%. The previous Polish Care Home had an average occupancy level of 90%. The occupancy levels within the independent sector in Gwynedd is higher, at 95%.

	92% occ	90% occ	80% occ	70% occ
<b>Expenditure – Operating</b>	£3,488,855	£3,488,855	£3,488,855	£3,488,855
<b>Sub-total EXPENDITURE</b>	£3,488,855	£3,488,855	£3,488,855	£3,488,855
<b>Income - Nursing Care</b>	£1,204,580	£1,185,526	£1,090,255	£994,984
<b>Income - Residential Care</b>	£ 2,331,543	£ 2,283,296	£2,042,064	£1,800,832
<b>Sub-total INCOME</b>	£3,536,122	£3,468,822	£3,132,319	£2,795,816
<b>ANNUAL SURPLUS / (DEFICIT)</b>	<b><u>£47,267</u></b>	<b><u>-£20,033</u></b>	<b><u>-£356,536</u></b>	<b><u>-£693,039</u></b>

The net operating position varies across 70%, 80%, 90% and 92% occupancy with only the latter offering a net surplus of £47k per year (1.33% of income). The difference between surplus and deficit is purely economies of scale.

## Management Case

The management case assesses whether robust arrangements are in place for the delivery, monitoring and evaluation of the scheme. This demonstrates that the preferred option can be successfully delivered with arrangements in place for contract management, benefits realisation and risk management.

### Approvals and Assurances:

As for all projects over £5 million, business cases must be submitted in three stages: Strategic Outline Case, Outline Business Case followed by a Full Business Case. Subsequently, a Full Business Case (FBC) will be required.

For projects seeking IRCF Funding, the NWRPB will approve the project in the first instance and endorse a scheme before an application is able to be submitted to Welsh Government to be heard at an IRCF Panel.

The IRCF assessment panels, which include representatives from health, social care, education, housing and regeneration will evaluate applications, including this one, to determine their suitability for funding.



Once an application is approved by the assessment panel, it will be submitted to Welsh Government Ministers for final approval.

To ensure ongoing oversight and transparency, regular bi-monthly reports will be submitted. These reports will provide updates on project milestones, budget status, and any issues or risks that have emerged. This reporting will enable the RPB to maintain continuous oversight of the project and provide timely updates to the Welsh Government.

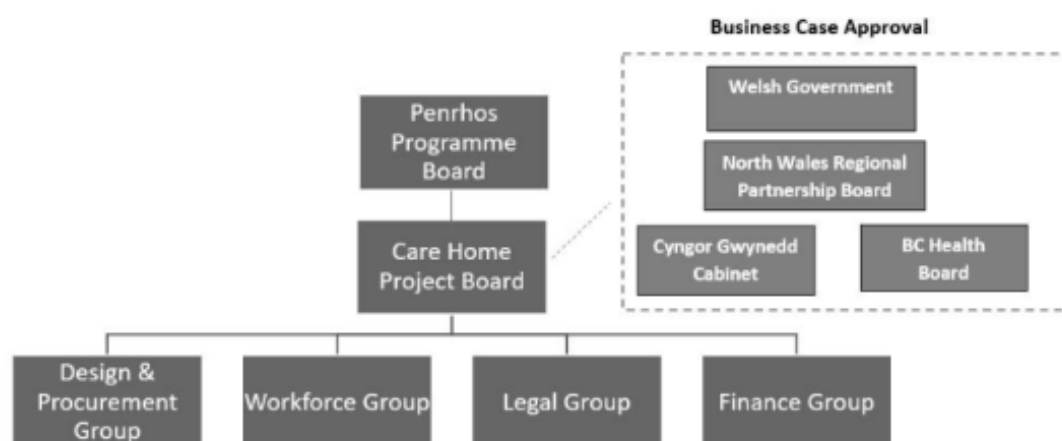
## Programme Management arrangements

The Penrhos Programme Board provides strategic leadership and overview of the project from the primary partners in the project in addition to managing risks and ensuring the project works towards reaching the agreed goals. Membership of the Board includes senior officers and managers from each partner organisation as well as other key stakeholders.

Existing partner organisation Boards retain the power to sign off the business case, at each stage of the development process through their organisational governance arrangements as follows:

- Cyngor Gwynedd – Cabinet.
- BCUHB – West IHC, Executive Team, PFIG and Health Board.

The programme and project management arrangements are represented in the figure below which also places these arrangements within the wider business case approval context:



## Project Plan

The table below shows the project milestones and their indicative dates:

Project Milestones	Indicative Dates
Partnership Approval of SOC	March 2023
WG review of SOC and approval to proceed	July 2024
Planning process commenced	October 2025
Outline planning permission	November 2025
Completion of OBC inc. internal approval to proceed	December 2025
WG review of OBC and approval to proceed	January 2026
Formal planning application	Spring 2026
Completion of FBC inc. internal approval to proceed	June 2026
WG review of FBC and approval to proceed	September 2026
Construction, completion and handover	March 2027 – September 2029
Occupation	October 2029

**Management Case Conclusion:**

The Council has established the necessary governance structures and allocated appropriate resources to oversee the project effectively. A structured project management approach is in place, outlining risk mitigation strategies, a clear change management framework, and a comprehensive project timeline with defined milestones and deadlines. Stakeholder engagement will continue throughout, supported by a dedicated Communication and Engagement Plan. The project plan is realistic and well-supported by a skilled, multidisciplinary team, with strong stakeholder backing to proceed with implementation upon receiving funding approval.

**Preferred Option**

The Outline Business Case confirms the preferred approach to the development of the Penrhos Residential and Nursing Care Home. The preferred option is a new-build new care home facility providing up to 56 beds on the site.

The Council and the Health Board has sought approval of the Outline Business Case (OBC) through their own internal governance. This has been agreed by the RPB Strategic Capital Board, and the Council subsequently will submit an IRCF funding application to WG to seek IRCF funding, based on the preferred option set out in this document.

If approval is granted to the OBC, the Council and the Health Board will then need to prepare a Full Business Case and seek all approvals to release funding for the project.

In parallel with this, the Council will be progressing the design and procurement of a contractor alongside the submission of the planning application for the site and ongoing stakeholder engagement.

# Document Purpose

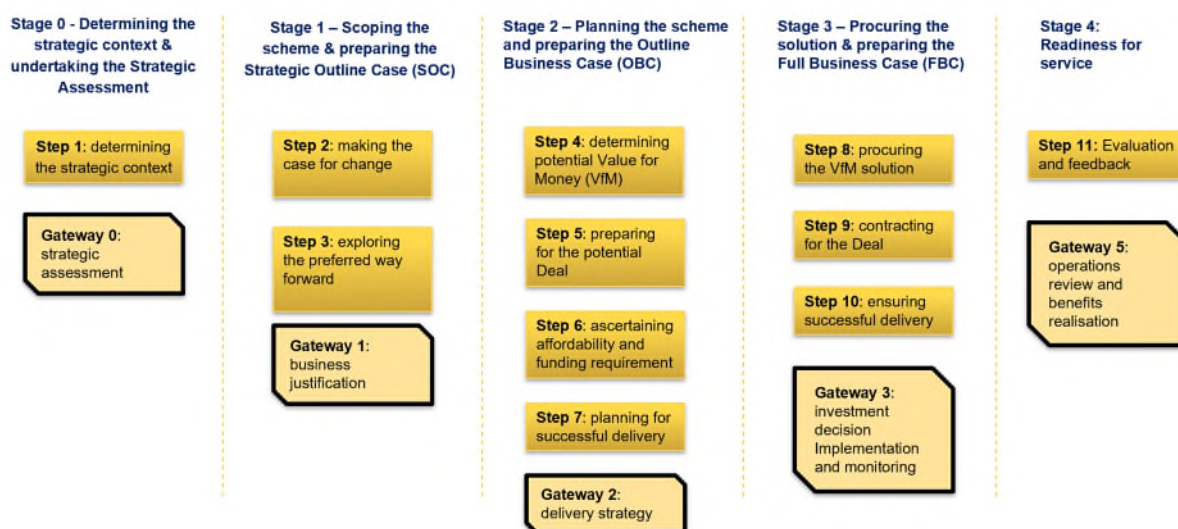
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## Document Purpose

The purpose of the Outline Business Case is to:

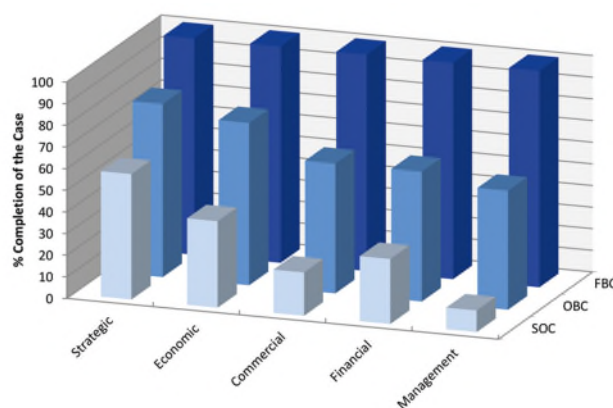
- Identify the market opportunity which offers optimum value for money
- Set out the commercial and contractual arrangements for the negotiated deal
- Confirm the deal remains affordable
- Establish management arrangements for successful delivery, monitoring and evaluation of the project

This document articulates Stage 2 in the Business Case Development Framework whilst also demonstrating elements of the Stage 1 (Strategic Outline Case) activities.



This Outline Business Case enables Gateway 2 to be undertaken and for an investment decision to be made specifically in relation to development of Penrhos Nursing and Residential Care Home.

The table to the right shows the anticipated levels of completion/ certainty for each of the stages as the project moves through the Business Case Development Framework. The central row of columns represents the current levels of completion for this project taking the Penrhos Partnership to a position where consent can be requested to move into the procurement stage (Stage 3).



## Document Structure

The document is structured to include the following 5 elements in line with the 5-case model:

- The **Strategic Case**: Why is an intervention necessary and what benefits should be achieved as a result of an intervention?
- The **Economic Case**: What are the options available to achieve the strategic intent and which one offers the best Value for Money?
- The **Commercial Case**: How can the project be procured and delivered?
- The **Financial Case**: How will the project be financed and what does it cost?
- The **Management Case**: How will the programme be delivered and what governance arrangements will be put in place to assure delivery commensurate with the strategic intent?

# Strategic Case

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# 1. Strategic Case

## 1.1 Introduction

The purpose of this Strategic Case is to demonstrate that development of Penrhos Nursing and Residential Care Home provides synergy and aligns with all national, local and regional policies, business plans and strategies. Essentially, the Strategic Case makes the case for change.

## 1.2 Penrhos Partnership

The Penrhos Nursing and Residential Care Home is a new, innovative kind of public sector partnership that recognises the importance of cross sector collaboration to deliver the best outcomes for residents and communities.

The new model of partnership working between Cyngor Gwynedd and Betsi Cadwaladr University Health Board (BCUHB) will support the rebalancing of the residential and nursing care market (for the Gwynedd area) by increasing delivery from the public or not for profit sector focused on delivering person centred outcomes for all.

The nursing and care home will be built on the Penrhos site with new housing with care developments undertaken by ClwydAlyn Housing Association. Although they are distinct undertakings with different funding mechanisms both the care home and housing projects are highly interdependent.

The project has two key partners for the care home, whilst ClwydAlyn is a key partner on the whole site, briefly introduced below.

### Cyngor Gwynedd

Cyngor Gwynedd (CG) is the governing body for the principal area of Gwynedd, made up of the ancient counties of Caernarfonshire and Merionethshire. Cyngor Gwynedd serves 117,400 residents over an area of 2,540 square km. It is one of the county's largest employers, employing over 7,000 staff (3,000 full-time / 4,000 part-time) with 65% of its population as Welsh speakers. Aside from its political and local government role, the Council operates a wide range of services through more than 10 Departments. These include:

- Adults, Health and Well-being
- Children and Supporting Families
- Economy and Community
- Education
- Environment
- Housing & Property.

### Betsi Cadwaladr University Health Board

The Betsi Cadwaladr University Health Board [BCUHB] is the largest health organisation in Wales, with a budget of £2.2 billion and a workforce of over 20,000 staff. It provides primary, community, mental health and acute hospital services for the population of North Wales.

As well as three main hospital sites at Ysbyty Gwynedd in Bangor, Glan Clwyd Hospital in Bodelwyddan and Wrexham Maelor Hospital, it is responsible for community hospitals, health centres, clinics, mental health units, community teams, GP practices and other NHS services provided by dentists, opticians and pharmacists.

## ClwydAlyn Housing Association

With around 800 staff, ClwydAlyn is a registered Social Landlord managing over 6,500 homes in North and Mid-Wales providing housing management services in Conwy, Denbighshire, Flintshire, Gwynedd, Isle of Anglesey, Powys, and Wrexham. ClwydAlyn comprises of four legal entities, including a Housing Association, a commercial company, a new-build social housing program manager, and a housing finance company. ClwydAlyn provides a wide range of homes and services, including affordable family housing, supported living, shared ownership, and leasehold management. A driving principle of ClwydAlyn is the construction of super low carbon homes using local materials.

In addition to being a social housing provider, ClwydAlyn offers services to vulnerable people in North Wales, such as homeless shelters, domestic violence refuges, mental health support, and care homes for those in need demonstrating how ClwydAlyn is actively involved in community initiative.

Partnering Organisations	Objectives and Actions
<b>Cyngor Gwynedd</b>	<p>The seven priorities for the next 5 years derived from The Cyngor Gwynedd Plan 2023-2028:</p> <ul style="list-style-type: none"> <li>• <b>Tomorrow's Gwynedd:</b> Giving our children and young people the best possible start in life.</li> <li>• <b>A prosperous Gwynedd:</b> Strengthening the economy and supporting the people of Gwynedd to earn a decent salary.</li> <li>• <b>A homely Gwynedd:</b> Supporting the people of Gwynedd to live in suitable and affordable homes in their communities.</li> <li>• <b>A caring Gwynedd:</b> Supporting the residence of Gwynedd to live in full and safe communities.</li> <li>• <b>A Welsh Gwynedd:</b> Ensuring that we give our residents every possible opportunity to use the Welsh language in the community.</li> <li>• <b>A green Gwynedd:</b> Protecting the country's natural beauty and responding positively to the climate change crisis.</li> <li>• <b>An efficient Gwynedd:</b> Putting the residents of Gwynedd first and treating them fairly ensuring that the council performs effectively and efficiently.</li> </ul>
<b>Betsi Cadwaladr University Health Board</b>	<p>BCUHB: Integrated Medium-Term Plan 2025-2028</p> <p>The Board has set out five Strategic Objectives to guide improvement:</p> <ol style="list-style-type: none"> <li>1. Building an Effective Organisation</li> <li>2. Developing Strategy and Long-lasting Change</li> <li>3. Creating Compassionate Culture, Leadership and Engagement</li> <li>4. Improving Quality, Outcomes and Experience</li> <li>5. Establishing an Effective Environment for Learning</li> </ol>
<b>ClwydAlyn Housing Association</b>	<p>Summarised interpretation of ClwydAlyn strategic objectives:</p> <ul style="list-style-type: none"> <li>• <b>More homes with wider variety:</b> We provide a wide range of housing services, from general housing, to care homes and independent living schemes, along with supported living schemes.</li> <li>• <b>Beating Poverty:</b> Work together to beat poverty, ensuring everyone in North Wales has access to excellent quality housing.</li> <li>• <b>Energy Efficiency:</b> Make new homes as energy efficient as possible to tackle fuel poverty and improve residents' health and wellbeing.</li> <li>• <b>Sustainability:</b> ClwydAlyn has a long-term vision to address climate change challenges sustainably and economically, with a goal to achieve Carbon Zero homes by 2050.</li> <li>• <b>Community Support:</b> Focus on creating communities where residents can thrive, providing support services such as care homes, supported housing, and independent living schemes.</li> <li>• <b>Economic Contribution:</b> ClwydAlyn contributes significantly to the North Wales economy as an employer and investor, with substantial capital spending on new housing projects.</li> </ul>

Table 1 - Table outlining the different strategic objectives of the three partners

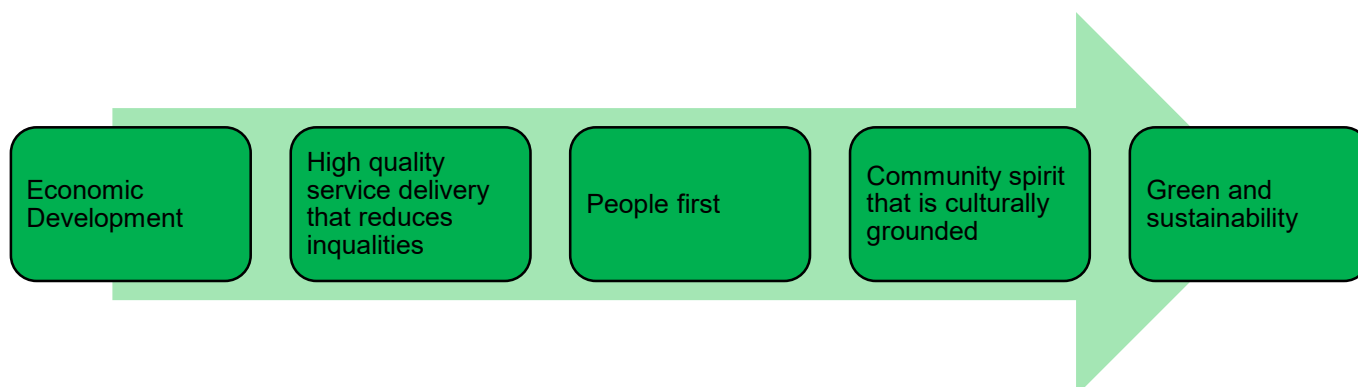


Figure 1 - A thematic analysis of the partnership objectives yields convergence across 5 years

The collaboration between the partner organisations seeks to increase economic development and widen the economic contribution of residents. Across all social, health and housing services it seeks to deliver high quality services that enhance safety and reduce inequalities through a people first approach. This is intended to achieve a community spirit that is culturally grounded in the Welsh Language and customs. A key undertaking across the partnership is sensitivity to climate change and the need to adopt green and sustainable methods and practices across all services.

The Cyngor Gwynedd Cabinet meeting report (28/03/23) notes and welcomes this joint-working between Cyngor Gwynedd and the Health Board.

## 1.3 National Context

This section references the relevant national health and social care policies, guidance, frameworks, plans and strategies that singularly and/or collectively, directly or indirectly advocate for both the development of Penrhos nursing and residential care home and the required level of partnership collaboration. These policies, guidance, frameworks, plans and strategies are:

### Health and Social Care Integration and Rebalancing Capital Fund (IRCF) Guidance 2022-25<sup>1</sup>

The Health and Social Care Integration and Rebalancing Capital Fund (IRCF) is a key financial initiative designed to support integrated health and social care goals and aims to address critical needs in social care infrastructure. IRCF<sup>2</sup> is set up to directly support the Programme for Government (PfG) commitments of developing 50 integrated health and social care hubs and to support rebalancing the residential care market. The programme has been established to:

- a) Support a coherent approach to planning the co-location and integration of health and social care services within the community across Wales
- b) Support the rebalancing of adult residential care provision by increasing delivery from within the not-for-profit sector.
- c) Support the elimination of profit from the provision of children's residential care.

The IRCF has three distinct priority areas of investment to support implementation of A Healthier Wales and PfG commitments. Penrhos care home project meets the second priority of the fund which is *Priority 2 - Rebalancing the residential care market*. Under Priority 2, the Health and Social Care IRCF guidance

<sup>1</sup> Health and Social Care Integration and Rebalancing Capital Fund Guidance 2022-25.pdf

<sup>2</sup> [Health and social care integration and rebalancing capital fund: guidance 2025 to 2027](#)



references the 'Rebalancing Care and Support' White Paper which sets out ministerial ambitions to rebalance the sector away from cost to quality, from outputs to outcomes and from profit towards social value.

### Capital Budget Allocation (2025-2027)

The IRCF has allocated a total programme budget of £70m per annum between 2025-2027.

The fund focuses on three key points:

1. Development of Integrated Health and Social Care Hubs to provide seamless services delivery and co-location of health, social care and community services.
2. Rebalancing the Adult Residential Care Market by increasing not-for-profit care provision and supporting in-house capacity for local authorities.
3. Eliminating Profit in Children's Residential Care, prioritising funding for not-for-profit children's care services.

### Revenue Budget Support:

In addition to capital funding, the Welsh Government has committed specific revenue funding to aid programme delivery:

- £200,000 per annum for each Regional Partnership Board (RPB) to develop a 10-year strategic Capital Plan.
- £500,000 per annum for each RPB to support feasibility studies and coordination of Integrated service delivery through health and social care hubs.

This revenue support is intended to enhance the capacity of local authorities to plan, develop, and manage new care facilities effectively, ensuring a strategic approach to addressing local needs.

### Rebalancing Adult Residential Care:

The IRCF practises the rebalancing of adult residential care by:

- **Increasing Capacity:** Investment is directed towards expanding in-house care homes, upgrading existing facilities, and increasing nursing care capacity, particularly for complex care needs.
- **Supporting Not-Profit Providers:** The fund encourages the growth of not-for-profit care providers, aiming to shift away profit-driven models towards services focused on quality and community value.
- **Enhancing Integrated Services:** Investment targets facilities that can provide a wider range of integrated health services, such as rehabilitation, reablement, and allied health support, directly within residential care settings.

### Strategic Planning and Governance

The Regional Partnership Boards (RPBs) play a pivotal role in managing the IRCF funds. They are tasked with developing Strategic Capital Plans that align with regional needs and government priorities, ensuring efficient use of both capital and revenue resources. These plans include:

- Comprehensive assessments of existing care infrastructure.
- Identification of gaps in service provision, particularly in residential and nursing care.
- Strategic investment priorities aimed at enhancing integrated health and social care delivery across the region.

## Implications for Penrhos Care Home Development

The IRCF presents significant opportunities for projects like the Penrhos care home development:

- **Access to Capital Funding:** Penrhos could benefit from Capital Investment aimed at expanding residential and nursing care capacity, upgrading facilities, and integrating additional health services on-site.
- **Support for Integrated Service Delivery:** The focus on co-locating services aligns well with the strategic goals of Penrhos, enabling the facility to offer a comprehensive range of care, from independent living support to complex nursing care.
- **Enhanced Financial Stability:** Revenue support for strategic planning and feasibility studies can help mitigate risks associated with the development and operation of new care facilities, ensuring sustainable growth and long-term viability.

## Revenue Budget Support for Strategic Planning

The IRCF's revenue budget allocations provide significant support for Regional Partnership Boards (RPBs) to develop comprehensive Strategic Capital Plans. For the Penrhos project, this means:

- **Access to Revenue Funding:** The annual allocation of £200,000 per RPB for strategic planning and £500,000 for feasibility studies can directly benefit Penrhos, helping to cover the costs of detailed project planning, stakeholder engagement, and service design.
- **Enhanced Capacity for Long-term Planning:** The revenue support will enable the Penrhos development team to work closely with RPBs and their 10-year strategic plan, aligning the project with regional priorities and ensuring a robust framework for future growth.

## Rebalancing the Adult Residential Care Market

The IRCF emphasises rebalancing the adult residential care market by increasing not-for-profit care provision and expanding in-house capacity. This aligns directly with Penrhos development goals:

- **Shift Toward Quality and Social Value:** Penrhos can position itself as a high-quality, socially responsible care provider, focusing on delivering value, which aligns with the Welsh Government's push for not-for-profit care models.
- **Expanding Nursing Care Capacity:** By tapping into IRCF funding aimed at increasing nursing and allied health professional services, Penrhos can enhance its ability to care for residents with complex health needs, reducing the strain on local hospitals.
- **Supporting Local Authority and Not-for-profit Growth:** The fund incentivises local authorities and not-for-profit providers to expand their in-house care facilities. Penrhos, as part of this strategy, could access resources to increase its bed capacity, meet regulatory requirements, and improve overall service quality.

## Addressing Operational Challenges with Revenue Integration:

The integration of capital and revenue funding streams through the IRCF provides a holistic approach to financing, which is beneficial for projects like Penrhos:

- **Mitigating wage Increases and Insurance Costs:** The additional revenue support can help offset increased operational costs from rising National Living Wage and National Insurance contributions, which are significant considerations for the care home sector.
- **Sustainable Financial Planning:** By aligning with the Regional Integration Fund (RIF) and other revenue programs, Penrhos can ensure a steady flow of Operational funds to support its services, reducing financial risk and promoting long-term sustainability.

**Welsh Government, White Paper, Rebalancing Care and Support 'A consultation on improving social care arrangements and strengthening partnership working to better support people's well-being' (2021)<sup>3</sup>**

There is growing need for care and support in all population groups. This is the source of the biggest underlying challenge and relates to the sector's funding position. Social Care in Wales is provided through a marketplace of over 1,000 providers, mostly from the independent sector, who often compete for the same contracts. People's care and support is commissioned through Local Authorities, local Health Boards or directly by themselves. It is funded through national and local government and through fees and charges people may pay to their Local Authority or directly to a care provider. In this context of a fragmented system, partners working together is vital. There is evidence of good practice here, but equally there are concerns about the progress of integration. There is little space for social value organisations, and limited data sharing as a basis for system-wide learning. This is the system that is available rather than the system needed. From the case for change discussed later, three critical areas emerge where focused action is needed to deliver improvement:

- Refocussing the fundamentals of the care market – away from price towards a value measure based upon service quality and overall costs
- Reorientation of commissioning practices towards a greater focus on outcomes; and
- Evolution of integration mechanisms and simplifying joint planning and delivery.

Through action in these three areas, the Rebalancing Care and Support White Paper seeks to rebalance the care and support market based on a clear national framework where services are organised regionally and delivered locally. By so doing the aim is to readjust social care delivery so that there is neither an over reliance on the private sector, nor a monopoly in the other direction. The White paper defines 'rebalancing' broadly as a set of descriptions of the system change that is required.

To deliver on the ministerial ambitions and the IRCF programme, and to help make the needed shift, Capital investment is made available to support local authorities and not for profit organisations (such as Cyngor Gwynedd and BCUHB) and housing associations (such as ClwydAllyn) in the following ways:

1. Investing in community settings/residential/nursing care premises to ensure they can meet individuals more complex needs closer to home i.e., nursing, allied health professional and intermediate care capacity. This could include Increasing access to NHS services, (such as community therapy, rehabilitation/ reablement and podiatry) for residents, recognising they remain members of the Health Board population
2. Supporting and incentivising local authorities and not for profit providers to grow in house provision - which could include expansion of in-house care homes (additional beds), upgrades to facilities to bring them in line with regulation to enable them to be re-registered as a not-for-profit provision.
3. Support for local authorities to bring failing provision back under local government management.
4. Increasing residential and nursing care capacity where there are identified gaps/shortages of provision.
5. Support for smaller independent care homes to borrow resources for investment (on a case-by-case basis - further advice to follow).

The Penrhos care home development reflects the needed shift intended by the IRCF. It also reflects and responds to ministerial ambitions as well as directly aligning with IRCF programme objectives. With greater not-for-profit involvement provided by Cyngor Gwynedd and BCUHB collaboration and management of Penrhos care home, the balance towards quality, outputs and social value can be readjusted to favour people's needs.

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<sup>3</sup> [consutation-document.pdf \(gov.wales\)](#)

## Wellbeing of Future Generations (Wales) Act (2015)

The Wellbeing of Future Generations Act<sup>4</sup> seeks to improve the social, economic, environmental, and cultural wellbeing of Wales. Through a set of 7 wellbeing goals, the Act (structured below<sup>5</sup>) gives a legally binding common purpose for national government, local government, local health boards and other specified public bodies.

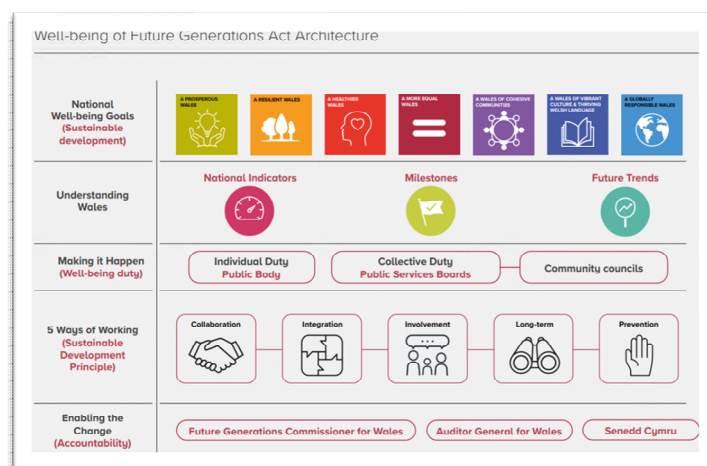


Figure 2 - Overview of the Wellbeing Goals of the Future Generations Act

It details the ways in which public bodies must work and work together to improve the well-being of Wales. The 7 wellbeing goals are applied to Penrhos as follows:

Goal:	Relevance to Penrhos: This project will ...
<b>A prosperous Wales</b>	Contribute to employment opportunities and stimulate economic development.
<b>A resilient Wales</b>	Improve holistic wellbeing of the community including economic regeneration and will encourage a more resilient local community in Llŷn.
<b>A healthier Wales</b>	Provide improved quality of health and social care within the rural area of Llŷn.
<b>A more equal Wales</b>	Offer opportunity for greater access to care that is closer to home and offer opportunity for greater and wider community involvement and engagement.
<b>A Wales of cohesive communities</b>	Focus on and encourage community well-being; working closely with community initiatives to ensure vulnerable people are not isolated.
<b>A Wales of vibrant culture and thriving Welsh language</b>	Provide a space to accommodate trainee Welsh speaking staff so that care services can be offered in the Welsh language thereby promoting Welsh and the original Polish heritage.
<b>A globally responsible Wales</b>	Through its procurement of services on site) ensure that supply chains are fair, ethical and sustainable and that financial decisions now enable future generations to thrive. The project will also aim for a zero-carbon construction and operations.

Table 2 - Relevance of the wellbeing goals to Penrhos

The seven connected wellbeing goals for Wales are supported by five ways of working which are deeply embedded in the project right from inception as follows:

1. **Long Term:** The project, with a community and care hub operating model, is a long-term investment, which will cater to the residents of Llŷn for several years to come.

<sup>4</sup> [Well-being of Future Generations \(Wales\) Act 2015 | Law Wales \(gov.wales\)](https://www.gov.wales/well-being-of-future-generations-act-2015)

<sup>5</sup> [Well-being of future generations act: the essentials \(gov.wales\)](https://www.gov.wales/well-being-of-future-generations-act-the-essentials)

2. **Prevention and Integration:** The project is driven by a partnership of the Local Health Board and the Local Authority to ensure the provision of a robust, sustainable care facility in the Llŷn area to meet current and future local needs that meets the objectives of both partners.
3. **Collaboration:** The project is the result of collaboration between the Local Authority and the Local Health Board over an extended period to ensure a local nursing and residential service that meets the needs of residents and is fit for the future.
4. **Involvement:** Public involvement through multiple engagements has shaped views on the needs of the community. The lived experiences of the challenges in the communities are reflected in the Penrhos care home vision and scope definition. The involvement of the Local Authority and the Health Board have indeed created a sense of joint vision and ownership of this proposed development.

## Social Services and Wellbeing (Wales) Act (2014)

The Social Services and Wellbeing Act<sup>6</sup> focuses on the need to enhance co-operation and partnership between and beyond health and care organisations. The Act:

- Requires local authorities to decide to promote co-operation with relevant partners and others in relation to adults with needs for care and support, carers and children.
- Imposes a duty on relevant partners to co-operate and share information with local authorities to support delivery of social service functions.
- Makes provision about promoting the integration of care and support with health services.
- Provides for partnership arrangements between local authorities and local Health Boards for the discharge of their functions.
- Makes provision for pooled funds which is made up of contributions by the authority and the relevant partner or partners concerned, and out of which payments may be made towards expenditure incurred in the discharge of functions of the authority and functions of the relevant partner.

Section 47(6) of the Act states:

*“a local authority may, despite subsections (1), (2), (4) and (5), arrange for the provision of accommodation together with nursing care by a registered nurse-*

- a. if the authority has obtained consent for it to arrange the provision of the nursing care from  
i.e. whichever Local Health Board regulations require in the case of accommodation in  
Wales..., or*
- b. in an urgent case and where arrangements are temporary.”*

Part 9 of the Social Services and Well-being (Wales) Act (2014) provides Partnership Arrangements statutory guidance that:

*“<sup>7</sup>requires local authorities to decide to promote cooperation with their relevant partners and others, in relation to adults with needs for care and support, carers and children. It places a duty on relevant partners to cooperate with, and provide information to, the local authorities for the purpose of their social services functions. It makes provision about promoting the integration of care and support with health services. It provides for partnership arrangements between local authorities and local health boards for the discharge of their functions. It also provides Welsh Ministers with regulation making powers under which they can require the creation of formal partnership arrangements and the use of pooled funds”*

Part 9 statutory guidance advocates partnerships that include between 'Betsi Cadwaladr University Health Board and Flintshire, Wrexham, Anglesey, Gwynedd, Denbighshire and Conwy local authorities. Such a partnership is required to 'prioritise the integration of services in relation to:

- Older people with complex needs and long-term conditions.

<sup>6</sup> [Social Services and Well-being \(Wales\) Act 2014 | Law Wales \(gov.wales\)](https://www.gov.wales/sites/default/files/consultations/2018-01/150505pt9guidanceen.pdf)

<sup>7</sup> <https://www.gov.wales/sites/default/files/consultations/2018-01/150505pt9guidanceen.pdf>



- Integrated Family Support Services.
- Learning disabilities.
- Children with complex needs due to disability or illness.
- Carers.

Penrhos care home embodies both the partnership arrangements and the priorities of care for older people with complex needs and long-term conditions creating a direct alignment between the care home development and national strategy.

### Welsh Government. A Healthier Wales: our Plan for Health and Social Care (2022)

This strategy<sup>8</sup>, first published in 2018 and updated in 2022, introduces a strategic National Framework for care and support which sets the standard for commissioning practice, reducing complexity, and rebalancing commissioning to increase focus on quality and outcomes.

The strategy places people and people outcomes at the heart of the Framework which also encourages partnership working at cluster, local, regional and national levels. Its primary outcomes are:

- To make it easy for health, social care services and others to work together
- For health and social care services to provide more care at home, or as close to home as possible.
- To move some services away from hospital and help people stay well be more independent.
- For health and social care services to listen to people and their loved ones and find out what is best for them and to try their best to make those things happen.
- To make changes and ensure there are enough health and social care workers with professional pride and satisfaction who do their work well.

The strategy aims to ensure that people will stay healthy and independent for as long as possible and proposes the following values:

- Co-ordinating health and social care services seamlessly.
- Measuring the health and well-being outcomes that matter.
- Proactively supporting people throughout their whole lives.
- Driving transformative change.
- Promoting the distinctive values and culture of the Welsh whole system approach.

### The Quadruple Aim

This idea of four interlocking aims<sup>9</sup> is recommended by the Parliamentary Review and is driving the development of many high performing international health and social care systems. These aims will be used to map how the health and social care system contributes to achieving the goals defined in the Wellbeing of Future Generations Act. The four themes of the Quadruple Aim, interpreted for context in Wales are:

- Improved population health and wellbeing
- Better quality and more accessible health and social care services
- Higher value health and social care
- A motivated and sustainable health and social care workforce

Penrhos' objectives and vision align with these themes as they both aim to deliver the best outcomes for residents and communities through improved health and social care.

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<sup>8</sup> [A Healthier Wales \(gov.wales\)](https://gov.wales/a-healthier-wales)

<sup>9</sup> [A Healthier Wales \(gov.wales\)](https://gov.wales/a-healthier-wales)

## National Transformation Programme

This programme<sup>10</sup> was a prominent recommendation made in the Parliamentary Review and will advise on and commit targeted funding support to health and social care providers, particularly focused on selected new models of seamless local health and social care which are identified as delivering significant enhanced value and are strongly aligned to national priorities.

The requirements of the Penrhos project also strongly depend on national priorities at the time. This is shown through the Case for Change later in the OBC and various data used to build an understanding of what is needed for health and social care to improve.

## Care Inspectorate Wales National Review of care homes for people living with dementia (2020)

*“As we begin to recover from the pandemic, I have reflected on what we have learned and one thing that stands out is the importance of social care and healthcare services working seamlessly together to promote the well-being of older people living in care homes in Wales”<sup>11</sup>*

- Gillian Baranski, Chief Inspector, Care Inspectorate Wales

Developed for the Regional Partnership Boards, amongst others, the National Review<sup>12</sup> looked at the care received by people living with dementia in care homes in Wales, and how they are supported at such a critical time of their lives. 164 inspections were carried out across a range of care homes by CIW who spoke to commissioners and providers of care home services as well as people living with dementia and their families, and they saw the care they received. CIW made a few key recommendations which are:

1. **Choice:** people need clearer information about the location and types of service available. Commissioners need to address gaps in care home provision.
2. **Training:** providers of care services and commissioners need to ensure that training supports the delivery of person-centred care. Training should involve people living with dementia who can describe their experience of care.
3. **Environment:** providers and commissioners should work together to ensure new homes are designed and built to improve outcomes and enable effective care, informed by evidence.
4. **Welsh language:** providers and commissioners must gather better information about the Welsh language skills of the workforce; educators should work to upskill the current workforce.
5. **Antipsychotic medication:** all partners in care should work together to ensure improved practice in administration and review of antipsychotic medication.
6. **Rights:** there is a lack of understanding about mental capacity with a need to upskill staff in the context of rights-based approaches to care and support.
7. **Multi-disciplinary support:** there is a need to improve support from mental health services and effective admission and discharge from hospital<sup>13</sup>.

The proposed design, structure and operations of Penrhos directly or indirectly addresses the recommendations above ensuring that the social care and physical and mental healthcare of Penrhos care home residents is seamlessly and sufficiently provided for as advocated by CIW Chief Inspector.

## Regulation and Inspection of Social Care (Wales) Act (2016)

<sup>10</sup> [A Healthier Wales \(gov.wales\)](https://gov.wales/a-healthier-wales)

<sup>11</sup> [200909-National-review-of-care-homes-for-people-living-with-dementia-en.pdf \(careinspectorate.wales\)](#)

<sup>12</sup> [200909-National-review-of-care-homes-for-people-living-with-dementia-en.pdf \(careinspectorate.wales\)](#)

<sup>13</sup> [200909-National-review-of-care-homes-for-people-living-with-dementia-en.pdf \(careinspectorate.wales\)](#)

The Regulation and Inspection of Social Care (Wales) Act 2016<sup>14</sup> builds on the success of regulation in Wales and places the quality of services and improvement at the heart of regulation. It strengthens protection for those who need it, establishes a regulatory system that is in-line with the Social Services and Well-being (Wales) Act 2014 and creates a regulatory system that is centred around people who need care and support, and the social care workforce. The act is underpinned by the following five principles:

- Reflect the changes brought about by the Social Services and Well-being (Wales) Act 2014
- Put people at the centre of their care and support
- Develop a coherent and consistent Welsh approach
- Tackle provider failure
- Respond quickly and effectively to new models of services and any concerns over the quality of care and support.

Penrhos Care Home objectives align with the principals above providing a robust framework for ensuring that the care home delivers high-quality, safe, and person-centred care, benefiting residents and families.

### Public Health Wales Long-Term Strategy (2023-2035)

The Public Health Wales Strategy<sup>15</sup> outlines the vision to achieve a healthier future for people in Wales by 2035. The strategy focuses on increasing healthy life expectancy, improving health and well-being, and reducing health inequalities. It sets out the actions to be taken to achieve a country where people live longer and healthier lives and recognises the issues with inequalities relating to prevailing cost of living crisis, depressed wages, and public health post pandemic impact.

The strategic priorities are:

- Promoting mental and social wellbeing
- Promoting healthy behaviours and improving health equity
- Supporting the development of a sustainable health care system focused on prevention and early intervention
- Tackling public health effects of climate change

### NHS Wales Planning Framework (2022-2025)

The NHS Wales Planning Framework<sup>16</sup> provides future planning direction and guidance to health organisations in Wales. The framework focuses on delivery of sustainable services while adapting to the ongoing challenges and changes posed by COVID. Building on 'Prosperity for All', the cross-government national strategy, the NHS Wales Planning Framework reinforces the need for health organisations to focus on the populations for which they are responsible, with an emphasis on prevention and early interventions, reducing health inequalities and working with wider partners to deliver the best possible services for citizens in Wales. Integrated planning with partners that provides care closer to people's communities and avoids admissions to hospital whenever possible should be the norm.

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<sup>14</sup> [Regulation and Inspection of Social Care \(Wales\) Act 2016 | Law Wales \(gov.wales\)](#)

<sup>15</sup> [phw.nhs.wales/about-us/working-together-for-a-healthier-wales/phw-long-term-strategy-pdf/](#)

<sup>16</sup> [NHS Wales Planning Framework 2022-2025 \(gov.wales\)](#)



## Primary Care Model for Wales (PCMW) (2021)

The PCMW<sup>17</sup> is a comprehensive approach designed to transform primary and community care in Wales. It is an approach to sustainable and accessible local health and well-being care. The approach brings services closer to home and promotes multi-professional collaboration. Four key strategic priorities are identified to shape the work programme:

- Accelerated cluster development.
- Urgent primary care
- Community infrastructure
- Mental wellbeing

## 2023/24 and beyond

Outcomes remain unchanged with five key programmes of work delivered through coordinated activity across the six strategic programme workstreams. The five programmes are:

- **Mental Wellbeing:** building the primary care model of mental health assessment and support that removes the artificial separation between mental and physical health and minimises overmedicalisation.
- **Community Infrastructure:** developing fully coordinated neighbourhood teams with the capacity to promote health and wellbeing and maintain out of hospital care in all 'home' settings.
- **Urgent Primary Care:** progressing the development of simple, fully integrated same day response models for each community.
- **Accelerated Cluster Development:** building on the local understanding of population needs, strengthening the coordinated use of all available resources and providing clear analysis of service gaps.
- **Primary Care Workforce Strategy:** translating the shared vision into a clear roadmap to drive resource allocation, recruitment and retention actions, including an increased focus on workforce wellbeing and career flexibility.

The development of Penrhos care home directly aligns with the national public health vision and the NHS Planning Framework particularly in terms of increased access to healthcare, increased collaboration and contribution to admissions avoidance. The Penrhos care home development also falls within the Mental Wellbeing, Community Infrastructure, and the Accelerated Cluster development of the PCMW.

## Prosperity for all: the national strategy WALES (2017)

The “*Prosperity for All*” national strategy<sup>18</sup> was initially launched in 2017 to guide WG priorities until the 2021 election. Although the strategy itself was designed for that specific period, its principles and objectives continue to influence current policies and initiatives, particularly in areas like climate adaptation. The strategy outlines WG’s approach to improving the well-being and prosperity of the people in Wales. One of their focus’ is the vision to have high quality and sustainable social care. With an ageing population, the demand for and cost of care is projected to increase. In a sector which struggles to recruit and retain workers, the strategy aims to ensure that demand is met, and care is affordable, whilst improving quality through:

- Investments in new innovative care delivery model in the community
- Establishment of centres to co-locate support, advice and treatment services
- More purpose-built housing developments
- Raising the profile and status of social care workers.

<sup>17</sup> [Primary Care Model for Wales - Primary Care One \(nhs.wales\)](https://www.nhs.uk/primary-care-model-for-wales/)

<sup>18</sup> [Written Statement - Prosperity for all – the national strategy : The Welsh Government’s well-being objectives \(2017\) \(19 September 2017\) | GOV.WALES](https://gov.wales/written-statement-prosperity-for-all-the-national-strategy-the-welsh-governments-well-being-objectives-2017)

These are all mechanisms that correspond with the objectives and intended operations of Penrhos care home.

### UK Life Sciences Vision (2021)

UK Life Sciences Vision<sup>19</sup> establishes a 10-year strategy for the life science sector to build on the success of COVID-19 response and accelerate delivery of innovations to patients. The Vision aims to solve some of the biggest healthcare problems of our generation as expressed in the Vision's 7 critical healthcare missions that government, industry, the NHS, academia and medical research charities will work together to solve. These are:

1. Accelerating the pace of studies into novel dementia treatment
2. Enabling early diagnosis and treatments, including immune therapies such as cancer vaccines
3. Sustaining the UK's position in vaccine discovery, development, and manufacturing
4. Treatment and prevention of cardiovascular diseases and its major risk factors, including obesity
5. Reducing mortality and morbidity from respiratory disease in the UK and globally
6. Addressing the underlying biology of ageing
7. Increasing the understanding of mental health conditions, including work to redefine diseases and develop tools to address them

These missions will focus on preventing, diagnosing, monitoring, and treating disease early, using innovative clinical trials to develop breakthrough products and treatments quickly to help save lives, and accelerate development and adoption of new drugs, diagnostics, medical technology, and digital tools. The expectation is that Penrhos care home can support UK Life Sciences vision by providing a test bed and setting for clinical trials provided the appropriate approvals and governance are in place.

### NHS Wales Decarbonisation Strategic Delivery Plan (2021 - 2030)

This Wales Decarbonisation Delivery Plan<sup>20</sup> covers the period 2021 to 2030 and describes how the NHS will meet the Net Zero 2050 target in Wales. The strategic objectives of the sustainability strategy will be established at the next stage of the development and to include:

- Whole Life Approach.
- Decarbonisation.
- Reduction in Travel between Sites.
- Sustainable Procurement.
- Digital Integration.
- Workflow Optimisation.
- Agile Working.

This project offers an opportunity to contribute to the national decarbonisation strategy. The intended design solution seeks to provide the optimum balance between the benefits of diminishing carbon emissions and the associated capital cost to ensure value for the public funds invested.

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<sup>19</sup> [assets.publishing.service.gov.uk/media/612763b4e90e0705437230c3/life-sciences-vision-2021.pdf](https://assets.publishing.service.gov.uk/media/612763b4e90e0705437230c3/life-sciences-vision-2021.pdf)

<sup>20</sup> [NHS Wales Decarbonisation Strategic Delivery Plan \(gov.wales\)](https://gov.wales/nhs-wales-decarbonisation-strategic-delivery-plan)

## GIG CYMRU NHS WALES Strategic Nursing Workforce Plan (2023)

NHS Wales are developing a strategic workforce plan<sup>21</sup> to recruit, retrain, train and transform the nursing workforce in Wales on a national level. A survey was undertaken by the RCN (2022) which allowed nurses to express a range of needs and expectations they identified as important in the workplace. Their main expectations include:

- Clear, structured career development and progression
- Care and support from leaders and teams
- To be valued and appreciated
- Flexibility to improve a work life balance

With these results, GIG CYMRU NHS Wales have set out actions and strategies to deliver on expectations by the end of 2024. Improving satisfaction will positively influence quality of care with patients provided by nursing staff in establishments such as Penrhos care home. As discussed later in this Strategic Case, the issue of workforce has been a feature of healthcare delivery challenges in Gwynedd and so the nursing workforce plan is expected to benefit Penrhos care home staffing arrangements.

## Labour 10 Year Plan for Health and Care (2024)

The Labour 10-year plan for Health and social care aims to transform the system by addressing critical issues, adapting to changing demographics and creating a sustainable framework for the future. The strategy heavily emphasises:

### 1. Integration of Social Care Services:

- Labour's strategy places strong emphasis on integrating health, social care and mental health services into a cohesive system. The goal is to provide a seamless experience for patients, especially those with complex needs, by reducing fragmentation and improving coordination across care settings.
- By promoting a 'whole person' approach, the strategy seeks to ensure that care is tailored to the individual rather than focusing on the isolated medical issues. This holistic model of care is designed to bridge the gap between home, community care, and hospital services, which is especially beneficial for elderly patients and those with multiple chronic conditions.

### 2. Investing in Workforce Development:

- A core pillar of the strategy is a substantial investment in increasing the healthcare workforce. Labour has committed to recruiting thousands of additional nurses, GPs, care workers, and other essential staff to address the current shortages and meet rising demand.
- The emphasis is not only on increasing staff numbers but also on providing better training and career development opportunities. This approach aims to improve job satisfaction, reduce turnover, and ensure that the health and social care workforce is equipped with the skills necessary to deliver high-quality, compassionate care.
- Enhancing the workforce capacity aligns with the broader goal of reducing hospital pressures by enabling more effective community and primary care, which can help manage patients closer to home and prevent unnecessary admissions.

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<sup>21</sup> [Strategic nursing workforce plan - HEIW \(nhs.wales\)](https://www.nhs.uk/strategic-nursing-workforce-plan/)

### **3. Focus on Preventive Care and Early Intervention:**

- The strategy prioritises preventive care and early intervention, recognising that addressing health issues before they escalate can significantly reduce the burden of the healthcare system. By focusing on prevention, the aim is to keep people healthier for longer and minimise the need for acute hospital care.
- This includes expanding access to primary care services, supporting mental health initiatives, and promoting public health measures. The strategy also emphasises the importance of early diagnosis and timely treatment for chronic diseases, which can improve patient outcomes and reduce long-term healthcare costs.

### **4. Future-Proofing the Healthcare System:**

- Labour's plan takes a forward-looking approach, acknowledging the demographic changes and the anticipated increase in the elderly population. The strategy aims to build a resilient healthcare infrastructure that can adapt to these shifts and meet the complex needs of older adults.
- This includes planning for increased demand in residential and nursing care, particularly as the number of people with age-related health conditions such as dementia continues to rise. The emphasis is on creating a flexible and responsive care system that can scale up services as needed and provide long-term, sustainable solutions.

### **Relation to Penrhos:**

Penrhos is closely aligned with Labour's 10-year strategy, particularly in its focus on integrated care and addressing the needs of an aging population. Penrhos supports the new Labour governments 10-year strategy by:

#### **1. Promoting Integrated Care:**

- Penrhos offers a comprehensive range of services, from independent living options to residential and nursing care. This model embodies Labour's vision of integrated care, ensuring that residents receive appropriate support as their needs evolve without requiring disruptive transitions between different care settings.
- The project emphasises a 'Step-up/step-down' approach, providing flexible care options that can be adjusted based on the individual's condition. This aligns with the strategy's goal of reducing hospital admissions and facilitating smoother transitions back into the community.

#### **2. Expanding Workforce Capacity Locally:**

- The development of Penrhos also helps to address local workforce challenges by creating new jobs in residential and nursing care. It aligns with Labour's commitment to expanding the healthcare workforce and provides opportunities for training and career progression in the local community.
- By enhancing staffing levels and providing a stable work environment, Penrhos aims to deliver high-quality care while supporting the broader strategy of reducing pressure on hospitals through effective community care.

#### **3. Meeting Future Demographic Needs:**

- The design and services of Penrhos consider the projected increase in the elderly population, particularly those with complex and long-term health conditions. The facility is equipped to handle the growing demand for specialised care, including dementia and support and end-of-life services.
- The development's focus on providing a continuum of care within a single site aligns with Labour's goal of future-proofing the healthcare system. By offering a scalable, flexible care model, Penrhos

is well-positioned to adapt to the evolving needs of the local population and contribute to the sustainability of the broader healthcare estate.

## The Office for Value for Money<sup>22</sup>

The Office for Value for Money was established in October 2024 under the guidance of Chair David Goldstone and aims to ensure that government spending achieves maximum public benefit, with a strong emphasis on efficiency and cost effectiveness. It has two primary roles:

- Firstly, it will support the multi-year Spending Review by coordinating with government departments to deliver focused interventions. This involves identifying opportunities to reduce waste and inefficiency, carrying out value-for-money evaluations in high-risk areas that span multiple departments, and rigorously reviewing investment proposals to ensure they deliver the best possible value.
- Additionally, the Office for Value for Money will propose systemic reforms, drawing from past insights, global best practices and input from external organisations. These recommendations aim to instil a sharp focus across government on maximising the impact of every pound spent.

The Office for Value for Money's value driven approach could lead to increased scrutiny across all publicly funded programmes or projects including Penrhos in areas such as the projected outcomes, job creation goals, and community impact projections, ensuring they are met efficiently and sustainably. There will likely be an emphasis on demonstrating measurable community health improvements and economic benefits over time.

## NHS Budget<sup>23</sup>

In the Autumn Budget 2024, UK Chancellor Rachel Reeves announced a significant funding increase for the NHS, totalling £22.6 billion in day-to-day spending over the next two years. The funding is aimed at enhancing healthcare services, allowing for 40,000 additional elective appointments weekly, expanding GP services, and adding new surgical hubs and diagnostic equipment. Reeves also allocated a £3.1 billion capital spend boost, supporting infrastructure upgrades to improve healthcare delivery and address rising demands in the NHS. This investment represents one of the most substantial NHS funding increases in recent years.

The increased NHS funding could positively affect facilities like the Penrhos care home, depending on how funds are generally allocated within local healthcare and social care services.

## Impact of the 2024 Autumn Budget on Local Authority Care Homes:

The 2024 Autumn Budget introduced a few important measures that will affect local authorities, particularly in the context of building and operating care homes with nursing.

### 1. Increased Social Care Funding:

- The budget includes £600 million in new grant funding specifically allocated for social care. This increase is aimed at helping local authorities manage the rising costs associated with providing social care services, including the construction and operation of care homes.
- This funding boost is intended to address some of the financial challenges faced by local councils, particularly as they adapt to the growing demand for elderly care services. It could provide a critical financial cushion to support capital investment in new care home facilities or upgrade existing infrastructure.

<sup>22</sup> [The Office for Value for Money - GOV.UK](https://www.gov.uk/government/organisations/office-for-value-for-money)

<sup>23</sup> [What you need to know about the Autumn Budget 2024 - GOV.UK](https://www.gov.uk/government/announcements/what-you-need-to-know-about-the-autumn-budget-2024)

The additional grant funding could directly support the Penrhos care home development by providing additional financial resources for initial construction costs, as well as ongoing operational support, easing the budgetary pressure on local authorities.

## **2. Increased Operational Costs Due to Wage and Insurance Changes:**

- The budget also announced increases in the National Living Wage and National Insurance Employer Contributions. The National Living Wage will rise to £11.44 per hour starting April 2025, and employer contributions are expected to increase, impacting staffing costs significantly.
- For care homes, these changes will likely lead to higher operational costs, as they need to comply with the new wage regulations and cover increased payroll taxes. While this is a positive step for care workers' income, it may strain the budgets of local authority-operated care homes, particularly those that rely on public funding.

**Implication for Penrhos:** Penrhos care home will need to account for these increased costs in its financial planning, potentially requiring adjustments in staffing budgets or exploring additional funding sources to cover the higher wage expenses without compromising service quality.

## **3. Capital Investment for Health and Social Care Infrastructure:**

- The budget includes a significant increase in capital investment for health and social care, with allocations for new buildings, facilities upgrade, and modern equipment. This funding could be a key opportunity for local authorities planning new care home projects.
- The focus on capital expenditure aims to support the expansion of healthcare infrastructure, which includes residential care homes and nursing facilities, addressing the growing need for elderly care services.

**Implication for Penrhos:** The capital investment boost provides an opportunity for Penrhos care home to access funding for the construction phase, including building upgrades, purchasing advanced medical equipment, and ensuring the facility meets modern standards for care delivery.

## **4. Business Rates Relief and Economic Support Measures:**

- The budget also announced business rates relief, which includes freezing the small business multiplier and offering additional relief for retail, hospitality, and leisure properties. While this measure primarily benefits private sector businesses, it can indirectly support local authorities by contributing to a more stable local economy.
- A healthier local economy may lead to increased local tax revenue, which could be reinvested into social care projects, including the construction and operation of care homes.

**Implication for Penrhos:** While the direct impact of business rates relief on Penrhos care home may be limited, the broader economic stability could benefit local authorities, potentially freeing up additional resources to support social care initiatives.

## **Summary and Strategic Considerations:**

Overall, the 2024 Autumn Budget provides a mix of opportunities and challenges for local authorities planning to develop and operate care homes like Penrhos. The increased funding and capital investment offer promising support for infrastructure development but rising operational costs due to wage and insurance changes will require careful financial planning. Local authorities will need to leverage all available funding avenues, including new grants, council tax revenue, and potential capital funding, to ensure the successful delivery and sustainable operation of care home projects. This holistic approach, combining budgetary support with strategic financial management, will be crucial in navigating the evolving landscape of social care and meeting the increasing demand for high quality elderly care services.



## 1.4 Local Context

### North Wales Regional Partnership Board 10-year Capital Plan

The North Wales Regional Partnership Board, (NWRPB), along with the other six Regional Partnership Boards in Wales, was tasked by the Welsh Government in 2022 with developing and implementing a Strategic Capital Plan for North Wales.

The Strategic Capital Plan reflects a 10-year view of the capital investment needs of North Wales to support the provision of health and social care services and has prioritised Penrhos Care Home as one of the Capital Schemes.

You can read the North Wales 10-year Strategic Capital Plan here: [Final-North-Wales-Regional-Partnership-Board 10-Year-Strategic-Capital-Plan v-7.5-31-Oct-2023-SW.pdf](#)

### Living Healthier Staying Well: Working in Partnership to Improve Health and Deliver Excellent Care across North Wales

BCUHB sets out its strategy<sup>24</sup> for North Wales in two key documents. Outlined below, these are (1) a 10-Year Strategy for Future Health, Well-being and Healthcare termed 'Living Healthier, Staying Well', and (2) a three-year rolling Plan.

#### BCUHB Living Healthier, Staying Well (2018)

This Living Healthier, Staying Well strategy is structured around three main programmes to be delivered through working in partnership with people and organisations from across North Wales. These programmes are:

- **Health Improvement and Health Inequalities** – a focus on the broader aspects of health improvement and prevention and support for those with the greatest health needs first.
- **Care Closer to Home** - when people need support or health care to stay healthy, providing as much of this as close to people's homes as it is safe and effective to do so. Care will be developed around local areas, which will form the building block of future planning. An equitable range of services will be provided for all, although the way they are delivered will be tailored to meet local circumstances or geography. Some services will cover more than one area.
- **Care for More Serious Health Needs** - when health needs are more serious and people need hospital care, or care from more specialist teams working in the community. People want the safest and highest quality of care possible and a good experience. They will be treated by the right person, in the right place, at the right time and with the right facilities.

#### BCUHB Integrated Medium Term Plan (2025 - 28)<sup>25</sup>

The Integrated Medium-Term Plan (IMTP) sets out the Health Board's commitment to improve the health and wellbeing of the people of North Wales and to provide or secure high quality, effective and efficient healthcare services.

The Health Board has been making progress with improvement noted specifically in leadership, governance, culture, quality and safety and financial governance and performance as outlined in the latest Welsh Government Report on Level 5 (Special Measures) published in March 2025.

The Board has set out five Strategic Objectives to guide improvement:

<sup>24</sup> [bcuhb.nhs.wales/about-us/our-plans/our-plans/bcuhb-plan/](https://bcuhb.nhs.wales/about-us/our-plans/our-plans/bcuhb-plan/)

<sup>25</sup> [bcuhb.nhs.wales/about-us/three-year-plan-2024-27/integrated-medium-term-plan-2025-28/final-bcuhb-2025-28-imtp/](https://bcuhb.nhs.wales/about-us/three-year-plan-2024-27/integrated-medium-term-plan-2025-28/final-bcuhb-2025-28-imtp/)

1. Building an Effective Organisation
2. Developing Strategy and Long-lasting Change
3. Creating Compassionate Culture, Leadership and Engagement
4. Improving Quality, Outcomes and Experience
5. Establishing an Effective Environment for Learning

The Cabinet Secretary for Health and Social Care issued their priorities for health boards on 20th December 2024. He set out their high-level ambition for the health and care system, with an emphasis on quality, safety and improvements in outcomes.

There are five strategic priorities that must be delivered by all health boards and other NHS organisations over the next three years. They are in areas that have been consistently raised through ministerial conversations and engagement with the public and staff:

1. Timely Access to Care
2. Population Health and Prevention
3. Building Community Capacity
4. Mental Health Access
5. Women's Health

The Cabinet Secretary's Priorities, Delivery Expectations and Enabling Actions have all been incorporated into the Health's Board plan.

### **BCUHB Decarbonisation Strategy and Action Plan (DAP) 2022-2026**

The Health Board has worked with the Carbon Trust and a Health Board wide stakeholder group to develop a five-year Decarbonisation Action Plan which proposes a list of actions and programmes of works to ensure that there is a robust and deliverable action plan in place to reduce carbon emissions in compliance with Welsh Government's decarbonisation targets. The DAP is a response to WG's ambition for the public sector to be net zero in carbon emissions by 2030. NHS Wales contribution to the net zero carbon target is to reduce carbon by 16% by 2025 and 34% by 2030.

A decarbonisation programme board will lead the implementation of the action plan and will engage across BCUHB, spanning estates and facilities, planning, transport, procurement, clinical/nursing and other wider stakeholder groups. This will ensure that the actions and commitments contained within this Decarbonisation Action Plan are taken forward and implemented.

### **Cyngor Gwynedd Decarbonisation Strategy**

Cyngor Gwynedd are currently working on their Decarbonisation Plan which will address decarbonisation in the social care sector. New developments and refurbishments of social care buildings will be designed and built according to Net Zero Building standards.

### **Cyngor Gwynedd Carbon Management Plan 2023-2028**

The Carbon Management Plan<sup>26</sup> was produced with the assistance of the Carbon Trust in response to the challenges of climate change. The Council has a key role to play in ensuring that our communities are prepared for the future.

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<sup>26</sup> [Microsoft Word - PO 6040286 Cyngor Gwynedd Council CMP2 Strategy Report February 2015 v2.0 Saesneg.doc \(llyw.cymru\)](#)



In response to the climate emergency Gwynedd Council is committed to becoming carbon neutral by 2030. The first stage of the Carbon Management Plan was completed in 2014/15 with a reduction in emissions of 26.1%. The second stage had a firm target of reducing emissions by 40% by 2021. To date Gwynedd Council has invested nearly £8million on carbon management projects leading to a saving of £4,063,000 which continues to accrue.

Like the Wales Decarbonisation Delivery Plan, this project contributes to the national decarbonisation strategy.

### **Llechen Lân (A Clean Slate): Social Services for Older People for the Future<sup>27</sup>**

The Llechen Lân report highlights urgent challenges for Gwynedd's social care system over the next two decades.

Gwynedd faces a rapidly ageing population, with the number of people over 85 expected to rise steeply by 2043, driving up care demand by as much as 56%. At the same time, the working-age population is shrinking, meaning more than 5% of all local workers would need to be in social care to meet future needs. Adult social care already takes a quarter of the council's budget and faces growing overspends, with unmet need costing millions each year. Without investment in modern care home provision alongside wider reforms in technology, housing, and community-based support, the system will become unsustainable.

## **1.5 The Case for Change**

### **More people living longer - Gwynedd Population Needs Assessment (2022-2027)<sup>28</sup>**

According to Census 2021 there were 59,597,300 people living in England and Wales on 21 March 2021, the day of the latest census which is over 3.5m more people than in 2011 and is the largest census population ever recorded. An increase of 3.5m represents an increase of 6.3%. In Wales, Census 2021 reports a population increase of 1.4% or 44,000 people to reach 3,107,500. The proportion of people over the age of 75 in Wales is projected to increase by more than 53% by 2040. The population of people over the age of 65 will rise to 1 out of every 4 people before 2050.

Wales ranks highest in terms of median age, percentages aged 65 years and over, and 85 years and over, and Old Age Dependency Ratio (OADR). Wales has a particularly high proportion of older people, which may be linked to the rural nature of much of the country and policies put in place to support an ageing population. In 2019, Wales experienced a net internal migration influx of 782 persons aged 65 years and over from local authorities in England.

<sup>27</sup> [Llechen Lân: gwasanaethau cymdeithasol pobol hŷn i'r dyfodol](#)

<sup>28</sup> [1 Gwynedd Adults Population Needs Assessment 2022-2027.pdf \(llyw.cymru\)](#)

Indicator	England	Wales	Scotland	Northern Ireland
Median age	40	42.5	42	38.9
% aged 65 years and over	18.4	21	19.1	16.6
% aged 85 years and over	2.5	2.7	2.3	2
OADR	286	334	289	258
Projected change in % 65 and over (2018 to 2043) (ppt)	5.7	5.4	6	7.8

Source: Office for National Statistics

Figure 3 - Population by age group

While population increases have occurred in nearby areas like Denbighshire and Powys, Gwynedd – Ceredigion and Conwy have seen a decrease. In Gwynedd, the population size has decreased by 3.7%, from around 121,900 in 2011 to 117,400 in 2021 placing Gwynedd 14th out of 22 local authority areas in Wales in terms of total population.

Since the 1981 Census, the population of Gwynedd has been aging with the population of 65+ and 85+ increasing by 156%. Despite the recent overall decrease in Gwynedd population there has been an increase of 8.6% in people aged 65 years and over. In fact, there has been an increase of approximately 31% in people aged 85 years and over as depicted below.

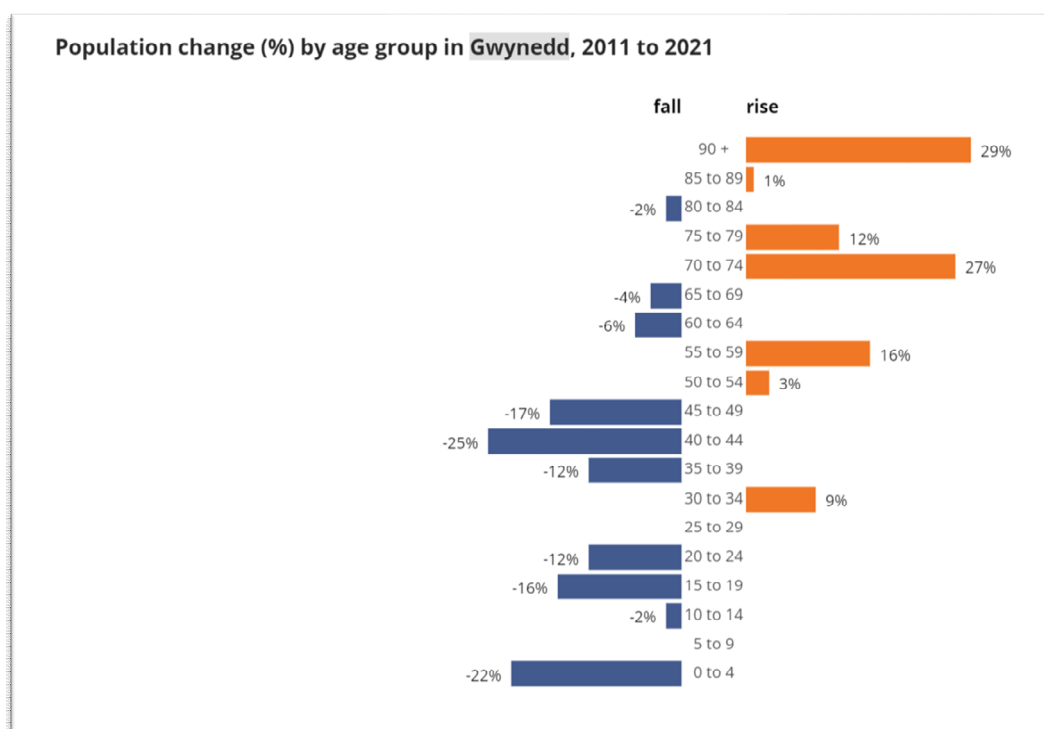


Figure 4 - Population change by age group in Gwynedd, 2011 to 2021

Notably, Census 2021 also reports that the largest age group in Wales was those aged 55 to 59 years, see below.

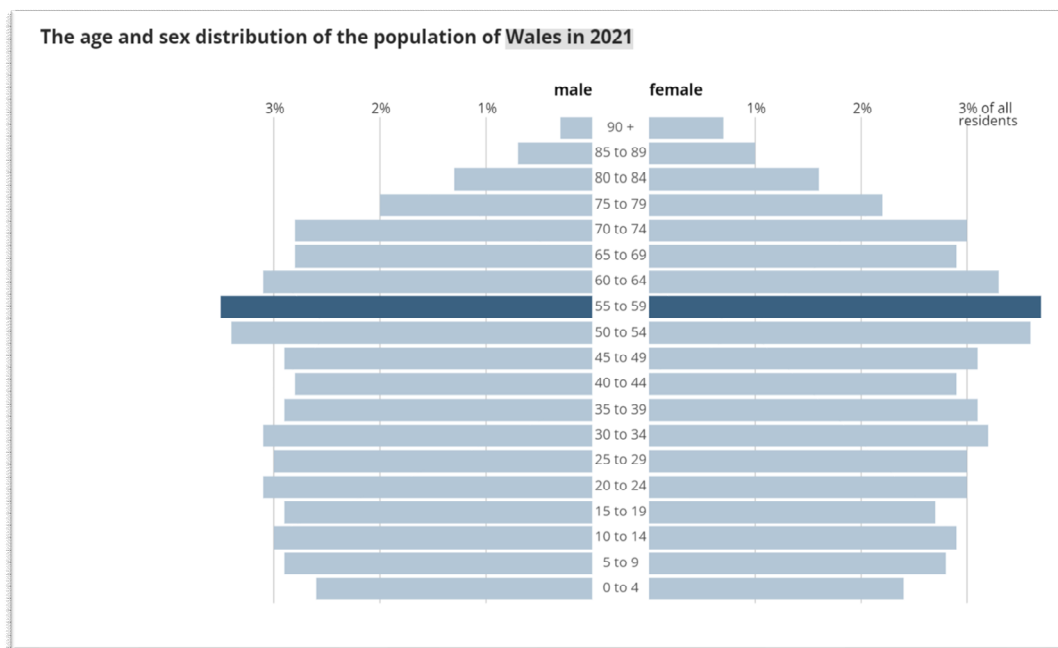


Figure 5 - The age and sex distribution of the population of Wales in 2021

There has been a dramatic increase in the population aged 65 and over, with national projections indicating an even more significant rise in the future.

### Older Population Distribution:

- In the UK, Wales has the oldest population, followed by Scotland and England, while Northern Ireland has the youngest population.
- It is reasonable to assume that people aged 65 and over are the most likely age group to need health and care services.

### Impact on Local Authorities:

- An aging population may lead to increased demand for healthcare services and community support.
- In contrast, a younger population is likely to create a higher demand for schools and educational services.

As the populations of Wales and Gwynedd grow and age, there is rising demand for treatment, care, and support services. This, combined with increasingly complex needs, is placing additional pressure on the health and social care system.

As people live longer, future healthcare costs are expected to rise significantly.

- **Increased Life Expectancy:** More people living longer means an increase in the number of individuals living with major illnesses. By 2040, around 9.1m people in England alone are expected to be living with major illnesses. According to the Welsh Government and the Health Foundation, the number of adults in Wales living with major illness is projected to rise from 419,000 in 2019 to 556,000

by 2040<sup>29</sup>. That is an increase of 137,000, or more than one-third. In fact, the Bevan Commission suggests that up to 1.2 million people in Wales could be affected by major illness by 2040, though this figure likely includes broader definitions or multimorbidity<sup>30</sup>. By implication if North Wales maintains its current share of the Welsh population (roughly 22–25%), then by 2040, around 120,000 to 140,000 people in North Wales could be living with major illness, assuming similar prevalence rates.

- **Rising Healthcare Costs:** Cost of healthcare globally is projected to rise from 8.6% of GDP today to 9.4% by 2050. This increase is driven by the need for greater levels of care due to higher life expectancy and the prevalence of age-related diseases like dementia and diabetes.
- **Economic Impact:** The economic impact of an aging population includes not only the direct costs of healthcare but also potential reductions in global GDP due to years lost to disability and premature death from age-related diseases.
- **Strain on Caregivers:** Both informal and formal caregivers will face increased strain, exacerbating the critical shortage of home health aides and personal caregivers. This creates the challenge of recruiting high quality carers leading to gaps in service provision. This is a considerable problem in Gwynedd and especially in the Llŷn Area.
- **Housing:** There is a further implication to housing availability and housing design that helps people live independently for longer. Social changes have occurred over the last few years meaning the estimated number of people who live alone has increased continually over the last decade. Today, people aged 65 and older account for 45% of the single persons households. Between 2018 and 2043, rural areas are projected to experience some of the largest increases in the proportion of one-person households containing an older person.

*Key messages from the Gwynedd Population Needs Assessment (2022-2027)*

The number of people aged 65 and over in Gwynedd who receive residential services is expected to increase by 63% by 2035.

Understanding local populations and how they are changing is important for local planning, such as housing, schools, transport, health and other community services. It remains an increasing challenge to ensure that there is sufficient provision and support available for people to continue to live independently at home as the population ages.

### More people with Dementia and Mental Health illness

As people age, they are at increasing risk of developing a range of chronic diseases and disability, and some organs begin to function less well. Therefore, there is a long list of health conditions typically associated with older adults. Due to the projected rise in the number of older adults over the coming decades, a significant rise in the prevalence of age-related health conditions such as dementia is also expected. Dementia and Alzheimer's disease are currently the leading causes of death in Wales which is a trend consistent across Wales and England.

Age is the most significant factor, and the risk of developing dementia increases with age. However, dementia can be difficult to diagnose, especially if an individual has mild symptoms and currently diagnosis relies on an initial assessment followed by referral to a memory specialist. Due to the nature of the condition (and the fact that symptoms manifest over time as the condition worsens, and a low rate of diagnosis) it is difficult to accurately calculate how many people live with the condition.

<sup>29</sup> [Estimated burden of disease in 2040](#)

<sup>30</sup> [The-Foundations-for-the-Future-Model-of-Health-and-Care-in-Wales-2.pdf](#)

According to the Office for National Statistics (ONS) and the Welsh Government, dementia and Alzheimer's disease were the second leading cause of death in Wales in 2022, just behind ischaemic heart disease. However, by 2023, dementia and Alzheimer's disease became the top cause of death, accounting for 3,833 deaths in Wales<sup>31</sup>. Again, this aligns with the UK-wide data, where dementia and Alzheimer's disease accounted for 66,876 deaths in England and Wales in 2023—11.6% of all registered deaths<sup>32</sup>.

The graph below assumes the growth in the population living with dementia in the UK by 2050.

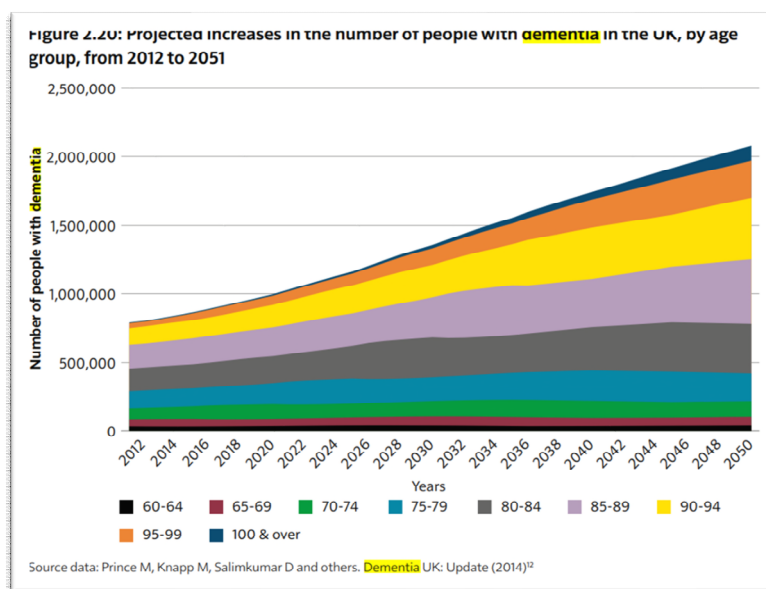


Figure 6 - Projected increases in the number of people with dementia in the UK, by age group, from 2012 to 2051

The graph above breaks down projected estimates by age groups. In total, for example, dementia UK has estimated that the current number with dementia in Britain will rise from 850,000 to 1,683,000 by 2039.

Using a similar or related projection it can be estimated that there are 2,049 individuals with dementia in Gwynedd, representing 1.67% of the population (122,864). Daffodil Cymru research predicts that the number of people over 65 in Gwynedd with dementia will increase from 2,018 in 2020 to 3,085 in 2040; a 35% increase in twenty years<sup>33</sup>.

<sup>31</sup> [Wellbeing of Wales, 2024: a healthier Wales \[HTML\] | GOV.WALES](#)

<sup>32</sup> [Deaths registered in England and Wales - Office for National Statistics](#)

<sup>33</sup> <https://democracy.gwynedd.llyw.cymru/documents/s37698/Support%20for%20Individuals%20with%20Dementia%20in%20Gwynedd.pdf>

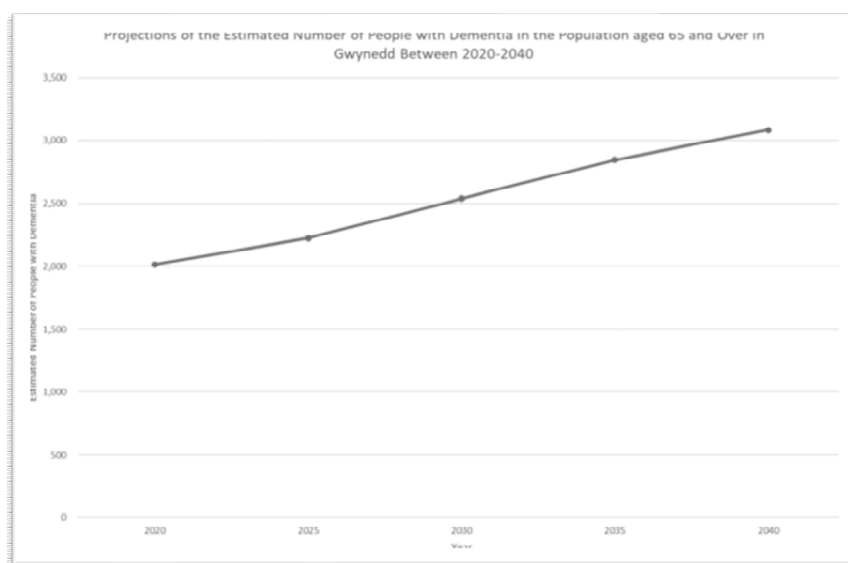


Figure 7 - Estimated number of people with dementia between 2020 and 2040

This is represented in the graph above. Assuming dementia rates (by age group) remain the same, projection is that the number of people with dementia in Gwynedd will rise from 2,049 to 3,494 by 2039 - an increase of over 70%. This projection is driven by direct rate of demographic ageing. The increase in the number of people with dementia will not only affect the quality of life of those who suffer from dementia but will also impact carers, health, and community care services. Therefore, Council continuously reviews care home provision across Gwynedd. Currently, there are independent homes within Gwynedd that provide specialist residential and nursing care for dementia. Unfortunately, there is no specialist nursing provision available for individuals living in the Llŷn area which means that individuals must move out of their communities to receive suitable care. The demand for dementia nursing care exceeds the provision available locally.

Alongside the projected rise in the number of people with dementia, there is growing concern regarding the rise of mental health conditions in older age. In fact, dementia is a common mental health condition of old age, as it is a significant cause of morbidity, mortality and health care use. As people live longer, the prevalence of dementia is likely to increase. The proportion of over 70's experiencing depression has doubled since the start of the Covid pandemic Office for National Statistics (ONS). Older adults can have mental health problems such as depression and anxiety, although these often manifest differently in older age. Renewed focus on mental health improvement interventions and services for older adults is key to improving overall quality of life in people's later years.

Loneliness is an increasing factor affecting the mental health of older people. Loneliness and feeling isolated can be very harmful for older people and this have worsened due to the Covid pandemic. According to Tiwari (2013)<sup>34</sup> the effect of loneliness and social isolation:

- can be as harmful as smoking 15 cigarettes a day and be more harmful than obesity
- puts individuals in danger of developing a disability
- puts individuals at risk of a cognitive impairment
- creates a higher chance (64%) of developing clinical dementia.

<sup>34</sup> Tiwari SC. Loneliness: A disease? Indian J Psychiatry. 2013 Oct;55(4):320-2. doi: 10.4103/0019-5545.120536. PMID: 24459300; PMCID: PMC3890922

Previous research by Age Cymru in 2017 suggested that:

- 75,000 older people in Wales felt lonely, with almost half of those surveyed saying their television or a pet was their main companion
- more than 75% of women and a third of men over 65 live alone
- People aged 80 and over are most likely to report high levels of loneliness.

Research by Age UK in 2019 indicated that:

- More than 20,000 older people in Wales claim to have felt lonely during later life
- 100,000 people aged 65 and over in Wales speak to three or fewer people they know each week
- 330,000 older people in Wales claim a few minutes of conversation would make a huge difference to their week.

More recently, according to the Council's internal data from the Wellbeing Needs Assessment (2021-22) 16% of people in Gwynedd feel lonely which is higher than the Wales average of 15% while 16.6% of people aged 65+ live on their own in Gwynedd, which is higher than the rest of Wales (13.7%). Loneliness can also stem from a low feeling of belonging. Across North Wales, the lowest feeling of belonging is reported in Gwynedd (53%). Conwy has the highest proportion of residents who feel that they belong to their area (61%) which is higher than the average for Wales (52%).

It is recognised that it will not always be possible for people to continue to stay in their own home because of the need for more specialist care. We are keen to ensure that people with dementia receive suitable, local care to maintain links with family and friends and to be looked after in a familiar atmosphere and culture and through the medium of a familiar language. Hand in hand with the need to further increase our supply of specialist dementia beds, consideration must be given to what can be done differently or additionally to enable people to continue to live in their own homes safely and provide the best possible quality of life. This is where the proposed Penrhos housing development will additionally provide value by creating an affordable housing for individuals, carers and even staff creating a community and community spirit that offers support, comfort and assurance to Penrhos care home residents.

#### *Key messages from the Gwynedd Population Needs Assessment (2022-2027)*

There is a lack of care homes with nursing provision in some areas – and particularly in Llŷn.

### **More people with complex health needs**

According to the National survey for Wales in 2019-20:

- 13% of people aged 65 and over in Wales say their health is bad or very bad.
- 71% of older people aged 65 and over had a long-term illness.
- 31% of people aged 65 and over have heart and circulatory complaints.

According to Age Cymru (2021) an estimated 4 million older adults in the UK (36% of people aged 65-74, and 47% of those aged 75+) have a limiting long-standing illness. This equates to 40% of all people aged 65+. The proportion of people in the UK with multi-morbidities among those aged 65-74 is 46% and the proportion increases to 69% among those aged 85+.

Also, according to Age Cymru older people are disproportionately represented in malnourished groups with 43% of UK malnutrition cases belonging to people aged 65+, equating to around 1.3 million people. Therefore, malnourished older adults are twice as likely to visit their GP, have more hospital admissions, longer stays in hospitals and generally have more ill health.

Dementia and mild cognitive impairment double the risk of falls and falls-related injuries including hip fractures, fractures of the arm and head injuries creating higher possibility of hospital admission amongst



older people aged 75 and above. Falls, and their resulting fractures, are a common and serious health issue faced by older people. People aged 65 and older have the highest risk of falling; around a third of people aged 65 and over, and around half of people aged 80 and over, fall at least once a year. Falling is a cause of distress, pain, injury, loss of confidence, loss of independence and mortality. Falls and related injuries are increasingly common. Emergency admissions for falls in people aged 65 have increased over the last 10 years. Every year in Wales between 230,000 and 460,000 older people fall. According to Public Health Wales forecasting, in 2021 more than 700 older people in Wales will die from a fall, with a further 7,750 requiring hospital-based treatment. It also predicts that more than 132,000 older people in Wales will fall more than once in their home. Falls are the most common cause of injury related deaths in people over the age of 75. If it does not cause mortality falling causes significant distress, pain, injury, loss of confidence and loss of Independence.

The residential and nursing care provision of Penrhos care home offers the opportunity for health care and monitoring as well as social care support which reduces the risks of malnourishment, ill-health and falls which in turn reduces incidents of hospital admissions for example.

*Key messages from the Gwynedd Population Needs Assessment (2022-2027)*

- There is a lack of care homes with nursing provision in some areas – and particularly in Llŷn.
- The average split of Continuous Health Care (CHC) to Funded Nursing Care (FNC) and Fast Track/End of Life is: 50% CHC to 40% FNC to 10% Fast Track.
- There are no specialist dementia and mental health nursing respite locations available in Gwynedd, nor any specialist assessment units.
- There is a gap in the availability of male carers to meet specific needs such as the challenging behaviour associated with dementia and mental health.

## Access to Care

As the care needs of the county changes, Cyngor Gwynedd have been working with the Health Board to ensure simple and direct access to services that supports what is important to older people in Gwynedd. An approach that puts more emphasis on health and wellbeing and preventative work ensures better outcomes for individuals, enables them to live independently for as long as possible and reduces the need for complex care.

There is an increasing shortage of nursing beds for the needs of the population. Unfortunately, there is a dire shortage of nursing home spaces across the county, and which is more acute in the Llŷn area with no nursing provision at all. The independent sector provides all the county's nursing provision because it has not been legally possible for Local Authorities to provide nursing care. Therefore, there is full dependency on the external market to provide nursing care provision for the population. As a result, delays are created for individuals to receive the care they need, or individuals may be forced to go to an alternative location which might be further away from their community of choice, causing a huge inconvenience in their lives. It means that people must travel to find suitable and qualified provision, increasing pressure on housing in the areas they would move to. We also know that some individuals must look for locations outside the county which creates difficulty in terms of visiting and maintaining contact with families and it can be more difficult to receive a service in Welsh.

*Key messages from the Gwynedd Population Needs Assessment (2022-2027)*

- There is a lack of care homes with nursing provision in some areas – and particularly in Llŷn.
- This means that people must move to other areas increasing the pressure and reducing provision in those areas.

## Delayed discharge

As of 22 September 2025, 12 individuals were on the waiting list for residential and nursing beds in Gwynedd. Breakdown of the 12 is as follows:

Number on waiting list	Bed type
2	Dementia Nursing
10	Nursing

Table 3 - Number of individuals on the waiting list for nursing beds in Gwynedd 2025

It is useful to point out at this point that data for private nursing beds is incomplete.

Overall, what has emerged is that there is a significant difficulty in finding suitable locations for individuals in the community after spending time in hospital. The main reasons for delays are:

- Patients waiting for residential or nursing beds
- Hospital unable to discharge patients to a safe environment
- No suitable home care package in place

Delays in the discharge of over 65s whose independence may then deteriorate or be curtailed results in a significant cost to public services. If earlier discharge is facilitated and (short-term) care in a care home is provided, this would be significantly beneficial. A critical issue is that there is no care home with nursing provision in Llŷn. This creates pressure on care homes with nursing in the area or areas that are nearest since everyone wants to stay as close to their family and community as possible.

The fragility of the care home sector is well recognised across North Wales, with the loss of over 150 beds since January 2022. Although we have not seen home closures in the West, the Health Board and Cyngor Gwynedd are constantly being challenged in relation to care home fees for all levels of care. A high number of inpatients who are clinically optimised who are delayed in hospital due to awaiting care home placements has indeed been observed. This is of consequence as delays in the West account for 37% of North Wales care home related delays (August 2025 snapshot).

	Number of patients delayed	% of Care home delays	Number of bed days lost
Anglesey	10	17%	451
Gwynedd	12	20%	524
Conwy	6	10%	136
Denbighshire	4	7%	101
Flintshire	16	27%	673
Wrexham	11	19%	396
<b>Total North Wales and %</b>	<b>59</b>		<b>2281</b>

Table 4 - Number of patients delayed 2025

## Key messages from the Gwynedd Population Needs Assessment (2022-2027)

### Key messages from the Gwynedd Population Needs Assessment (2022-2027)

- Delays in discharge of people aged over 65 from hospital lead to a loss of independence and cost the NHS significant sums.
- If people are released and have (short-term) care in a residential or nursing home, this would be beneficial.

## New Insights into Social Care problems and solutions:

Based on the Labour Party's 10-year Plan for Health and Care there are new insights into social care problems and the proposed solutions:

### Key Problems in Social Care:

1. **Workforce Issues:** High reliance on Zero-hours contracts approximately 307,000 care workers, making up a fifth of the total workforce, are employed on zero-hours contracts. This precarious employment undermines job stability and contributes to high turnovers rates, negatively impacting the quality of care provided.
2. **Lack of Training and Career Development:** The social care sector suffers from low level of training and limited access to high-quality apprenticeships. This has created a workforce that is often underprepared for the complexities of elderly care, leading to suboptimal outcomes for service users.
3. **Fragmented Care Delivery:** The current system is highly fragmented, addressing each need separately without a holistic approach. This results in disjointed care where patients and their families often must repeat their medical history to multiple providers, causing inefficiencies and missed opportunities for early intervention.
4. **Inadequate Support and Short Visits:** The rise of 15-minute care visits, driven by underfunding and poor commissioning practices, has led to inadequate care. These short visits limit the ability of care workers to provide meaningful assistance, such as helping with meals, bathing, or medication management, which are crucial for maintaining dignity and quality of life.
5. **Neglect of Preventative Measures:** The system's focus on acute and hospital-based care has overshadowed the need for preventive services in the community. This neglect has increased hospital admissions, particularly among the elderly, who could have been supported effectively through community-based social care.

### Proposed Solutions:

1. **Banning Zero- Hours Contracts:** Labours plans to eliminate zero-hours contracts in the care sector, promoting stable and fair employment. This change aims to improve staff retention and ensure a more consistent quality of care, benefiting both the workforce and service users.
2. **Enhanced Training and Career Opportunities:** The strategy includes creating new apprenticeships and career development pathways for care workers. A key initiative is the commitment to train 5,000 new home workers, providing them with robust training to improve their skills and support the growing demand for in-home care.
3. **Integrated Care Approach:** Labour's plan emphasises integrating physical, mental, and social care services into a single, cohesive system. This whole-person care model aims to end the fragmentation of services, reduce inefficiencies, and improve patient outcomes by offering a seamless continuum of care.
4. **Implementation of Safety Checks and Preventive Care:** Introducing safety checks for vulnerable older adults is a priority. These checks are intended to identify health risks early and prevent avoidable hospitalisations, aligning with the broader focus on preventive care and keeping people healthy at home for longer.
5. **Support for Carers:** The Labour plan includes measures to enhance support for unpaid family carers. This includes ensuring access to regular health checks, providing a single point of contact within the care system, and ring-fencing funding for carer's breaks. These steps aim to alleviate the pressures faced by family carers and enhance their ability to support loved ones effectively.

Labour's 10- year plan aims to address systemic issues in social care by investing in the workforce, integrating care services, and prioritising preventive measures. By tackling these root causes, the strategy seeks to create a more sustainable, equitable, and effective social care system that meets the needs of the aging population while reducing the burden on hospitals and acute care facilities. This approach provides a

comprehensive framework for reform that could significantly improve the quality and accessibility of social care services across the UK.

## Public ownership of care

With increasing operational, financial and regulatory compliance challenges, the care home 'market' where private equity backed providers 'gamble' on care homes is unsustainable. This is the view of the Centre for Health and Public Interest, 2019 and the non-privatisation campaign 'We Own It - Public services for people, not profit'. Frequently citing the former, the latter articulates a compelling argument laid out below that 'care belongs in public ownership'.

### *'We Own It – Care Belongs in Public Ownership'*

Local authorities were originally responsible for providing residential accommodation and care services for older people in need. During the 1980s and 1990s, local authority care homes were transferred to the private sector. Local authorities assumed the duty of buying care, mostly from private profit-making businesses. In 1980 there were 37,400 places in private residential care homes (a small proportion of the total) but by 1990 the number of private places had increased to 155,600 – a 316% increase. Later legislation (The Care Standards Act 2000 and Care Quality Commission and the Care Act 2014) put local authorities in charge of shaping the care market. 'Local authorities are responsible for the welfare of residents, and the NHS picks up the pieces when things go wrong – while the private providers prioritise their shareholders.'

In 1960, the private sector provided 10.5% of residential care, while the public sector provided 66% (and the voluntary sector 23%). Today private provision is at 83%, the voluntary sector at 13% and the public sector just 4%.

According to the Centre for Health and the Public Interest (2019) 18 of the 26 largest for-profit providers split their business into an operating company and a property company enabling rental payments to be made by one company to lease the care home premises from another, both of which are co-owned. The argument made here is that rental payments can include hidden profits through artificially high rental charges. Splitting the operating company also helps to limit liability where harm occurs and may make it easier to avoid tax. Since 2011, two major care home providers, Southern Cross and Four Seasons, who between them provided care to 45,000 residents, have either left the industry or gone into administration.

News reports have reported large amounts of profit being extracted from the care home industry, either in the form of dividends or as loan repayments to investors. In terms of who largely gains, the BBC's Panorama 'Crisis in Care: Follow the Money' suggested that "There's only one winner isn't there, and that's the investment companies." The Panorama investigation reported that nearly a third of care home beds are owned by the largest companies, whose investors see them as a source of income and profit. Three of the biggest groups – Four Seasons, Care UK and HC-One – are or have been owned by private equity firms and have 39,000 beds between them. The investigation also found that 20% of the fees paid to HC-One go towards profit and debt payments. 'Meanwhile, residents of its care homes receive terrible care, and their families suffer'.

With individuals and families now footing 51% (£7.7bn) of the total annual income (£15.2bn) for independent care homes financial transparency within the care home industry is now as much a consumer rights issue as it is a value for money issue for taxpayers (Centre for Health and Public Interest, 2019).

### **Key Facts:**

- 64% of the public want care homes to be run in public ownership (Survation, 2020)
- Quality in care homes in England is poor, with one in every five homes rated 'inadequate' or 'needing improvement'. Larger care homes are associated with a worse quality of care.
- The Scottish TUC has found that nearly 25% of care homes run by big providers had at least one complaint upheld against them in 2019/20, compared to 16% in the rest of the private sector and 6% in homes not run for profit. Staffing resources are also 20% worse in the private sector.
- 10% of funding leaks out of the system through hidden profit extraction (an estimated £1.5 billion out of a total of £15 billion funding). This money leaks out through complicated corporate structures into dividend payments, rent, interest, management and directors' fees.
- The 26 big providers who account for 30% of all beds leak out £13.35 of every £100.
- At least 40,000 people a year must sell their homes to pay for nursing care. Around half of social care funding is provided by local authorities and the NHS, around half from individuals and their families.

- From 2010 to 2017/18, government funding of local authorities has fallen by 49% in real terms. Councils are now spending 38% of their total budget on social care.
- Private care workers are under pressure and undervalued. Skills for Care says that the vacancy rate is consistently over 6% and turnover at 29%. 82% of the workforce are female and 21% are Black, Asian or minority ethnicity.
- By 2040, nearly one in seven people will be over 75. What kind of future do we want for care work?

The National Audit Office in 2018 warned that “social care cannot continue as a Cinderella service”. The Labour Party wants to bring in a National Care Service in England and is holding a review to see how this could be achieved. Shadow Health Secretary Wes Streeting says *“I would love to see a national care service delivered exactly on the same terms as the NHS, publicly owned, publicly funded, free at the point of use, but we’ve got to be honest about the scale of the challenge. So, our starting point is to make sure we deliver national standards for care users and better pay and conditions for staff who work in social care.”*

Scotland has already committed to introducing a National Care Service, but it will not be run by the state. The Scottish TUC has found that ‘Scotland cannot afford privatised social care’ arguing that “large private providers are associated with lower wages, more complaints about care quality and higher levels of rent extraction than public and third sector care providers”.

‘Caring for people in their own homes is a hugely important job that is too often undervalued. Looking after older people, helping them wash and dress, cleaning and tidying, giving them medicine, preparing their meals, keeping them company - you might be the only person they see all day.’

This all contributes to the argument for greater public ownership of care homes. The Centre for Health and the Public Interest recommends that government – through local authorities and the NHS - use capital to build new care homes, employ care workers directly, and make sure they are well trained with decent terms and conditions, ‘building on the work UNISON has done with the Ethical Care Charter.’

This is unlike the status quo where care is a public service run for profit by a chaotic mixture of providers and a situation where care homes are seen as an investment opportunity – paid for by the public often by selling homes if one is owned or if not, by cash strapped local authorities. Mutual aid care homes, often run by non-profit organisations or community groups, are believed to typically offer lower rates of around 20-30% less than private care homes<sup>35</sup>.

## Collaboration

As The Strategy for Older People in Wales (2013-2023) outlines, there is a need to work collectively and embrace the reality, opportunities and challenges of population ageing - a permanent feature of modern society. A constant challenge has been one of health and care services are not being joined up with services often delivered separately, and the patient rarely treated as a ‘whole’. A service such as falls prevention includes medical, environmental, behavioural, and human factors, which impact across the NHS, social care, housing and the built environment and the voluntary and community sector proving the need for a collaborative approach. Caring for vulnerable people is one of the Cyngor Gwynedd’s most important responsibilities, and there is increased pressure on our services due to social changes that are beyond our control. Building on the ‘public ownership of care’ case for change, Penrhos care home fulfils the collaborative requirements of health and care provision.

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<sup>35</sup> Care Home Costs & Care Home Fees | Nursing Home Costs | July 2024 (ukcareguide.co.uk)



## 1.6 Current Arrangements

Gwynedd is the second largest county in Wales but sparsely populated, with an area of 979 square miles (2,540 km<sup>2</sup>) and a population of 117,400. After Bangor (18,322), the largest settlements are Caernarfon (9,852), Bethesda (4,735), and Pwllheli (4,076). The county has the highest percentage of Welsh speakers in Wales, at 64.4%, and is considered a heartland of the language<sup>36</sup>.

### Residential and Nursing Care Provision

There are a total of 128 residential beds in the Llŷn and Eifionydd District but following the closure of the Penrhos Nursing Home at the start of December 2020 there is no provision for nursing beds in the Llŷn area. This means that people must travel to find suitable and qualified provision, increasing pressure on housing in the areas they would move to. Other people must look for locations outside the county which creates difficulty in terms of visiting and maintaining contact with families and potentially making it difficult to receive services in Welsh.

Below is a map of current residential care homes and care homes with nursing in the Llŷn and Eifionydd area which shows a total of 309 beds available. It must be noted that the nursing beds are in the Eifionydd area only.

Map yn Dangos Lleoliad Cartrefi Preswyl a Nyrsio yn Llŷn

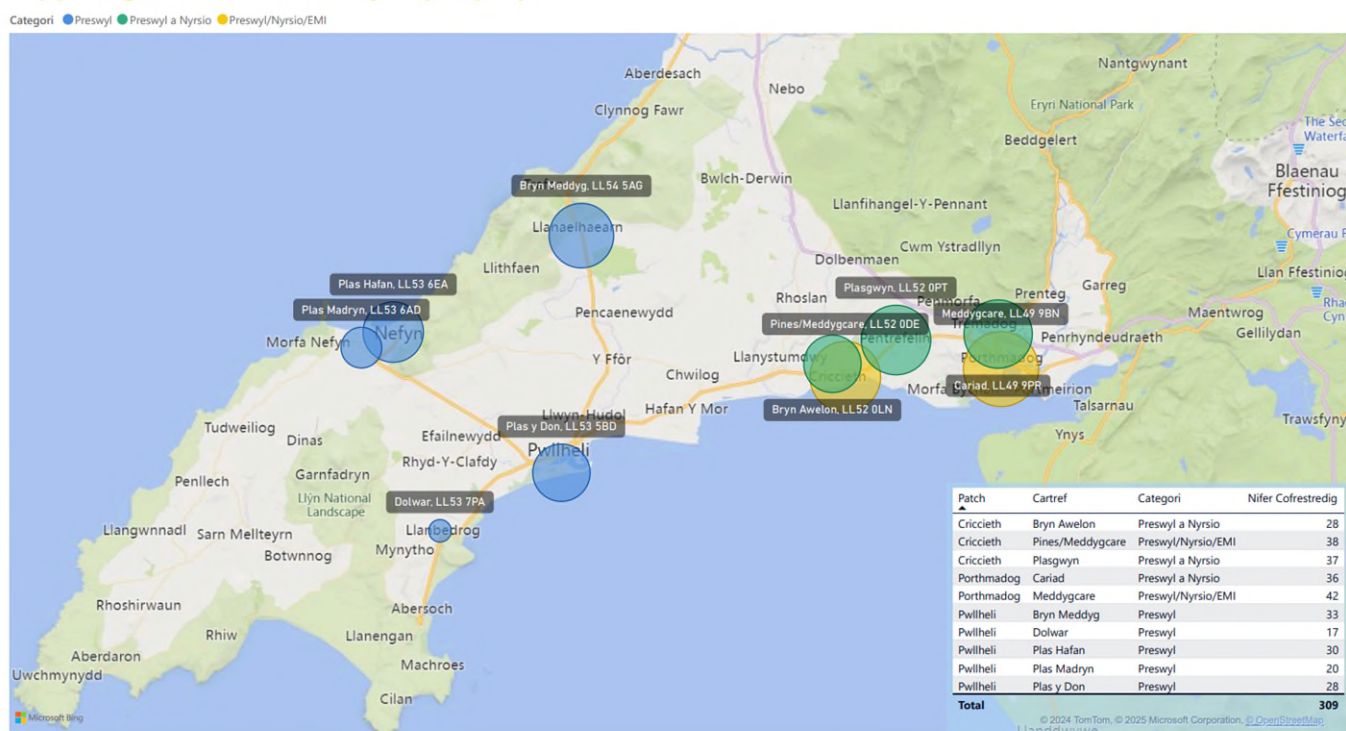


Figure 8 - Map of current residential care homes and care homes with nursing in the Llŷn area

The map shows that the beds in the Pwllheli area do not have nursing provision. In fact, the nearest nursing provision is available within a 40-mile radius of Penrhos. 75% of the Llŷn residential provision can be provided in the Dwyfor area, a figure which falls to 45.5% for nursing provision. In the county, 58.7% of nursing provision can be received within the area, so a high number of Llŷn residents must travel out of their home to receive

<sup>36</sup> [Gwynedd - Wikipedia](#)

nursing care. It is also likely that they must travel further out to gain access. Llŷn can meet 75% of residential provision within the area, which is comparable to the County average of 75%.

### Internal Provision - Dementia Care Demand

Demand for dementia provision continues to increase. More investments have been made to increase the supply of specialist dementia beds. Waiting lists for dementia provision are frequently as high, if not higher, than waiting lists for standard residential beds. As of April 2023, and keeping in mind that demand is constantly changing, Cyngor Gwynedd have 50 individuals on waiting lists waiting for a dementia specialist bed from the internal provider<sup>37</sup>.

Demand is increasing across communities, and in relation to Cyngor Gwynedd care homes this change is reflected in the higher number of residents who, although receiving standard residential care, are now living with dementia. While many do not currently require specialist dementia care, it is likely that a high proportion will need the specialist support at some point in the future. There are a further 50 individuals living with dementia receiving standard residential care in Cyngor Gwynedd care homes.

The main use of specialist dementia beds is to provide permanent accommodation and a home for residents living with profound dementia; however, these beds are also used flexibly to provide carers with regular respite. The activities and support provided in these specialist units are in response to the needs and interests of residents – e.g. the tasks of day-to-day life, gardening, cooking, pictures, music. The Council's care homes all support and care for residents living with dementia, but only six out of the eleven residential care homes provided by Cyngor Gwynedd offer specialist dementia care.

Whilst the supply of specialist dementia beds does not meet current demand, there has been an increase over the last five years which has seen the number of Gwynedd Council beds more than double – from 39 beds across three homes to 84 beds in six care homes.

### Specialist Dementia Nursing Care

There are independent homes within Gwynedd that provide specialist residential and nursing care for dementia. Unfortunately, as repeatedly mentioned, there is no specialist nursing dementia provision available for individuals living in the Llŷn area which means that individuals must move out of their communities to receive suitable care. The demand for dementia nursing care exceeds the provision available locally. With currently only 4 dementia nursing homes within the county, this increases pressure on carers, families, hospitals and the many individuals who must move out of the county to receive care.

### Workforce sustainability – Rebalancing Care and Support (Welsh Government White Paper)

The delivery of social care is rightly labour-intensive, and the availability of a skilled workforce plays a key role in delivering high quality of care. The social care workforce is typically ageing and gendered, with most staff of commissioned care providers are female and over half of the workforce is aged over 40. The staff turnover rate for all the adult social care workforce in Wales is reported by the ONS at 30% in Wales. In addition to high turnover, current issues include high vacancy rates, costly recruitment and training of new staff, growing use of (more expensive) agency staff, and churn within the sector with staff frequently moving between employers often for financial incentives or improved working conditions. Recent research by the Welsh institute for Health and Social Care noted there is competition from employers outside the social care sectors (e.g. retail). These employers are considered to provide similar or better pay, with roles carrying less



responsibility. Competition within and between social care employers and the NHS was thought to contribute to retention problems in the social care workforce.

As part of the Fair Work Commission, the Fair Work Wales report noted that despite the sector being a core industry that contributes to individual and social wellbeing, it is a sector which displays various features associated with insecurity and poor working environment. In response to the recommendations of the report, the Welsh Government has recently convened a Social Care Forum which is considering how best to improve pay and other conditions of employment in the social care sector. Research indicates that pay, terms and conditions are regarded as key factors that relate to job satisfaction, and there is an important link between job satisfaction, service quality and the achievement of outcomes. Improving pay, terms and conditions is an important part of attracting, recruiting and retaining works in the sector.

The first census results published in August 2022 revealed a decline in the working-age population over the past decade. In 2021, there were 64,900 people aged 20-64 in the area, making up 55.3% of all usual residents. This is a decrease from 68,800 (or 56.4%) in 2011. Comparatively, the working-age population in Wales was 56.5%, and in England and Wales combined, it was 58.4%.

For many years, recruitment and retention of social care staff have been a significant challenge for Cyngor Gwynedd. A report on these difficulties was submitted to the Scrutiny Committee as early as June 2019. Since then, the situation has worsened due to the Covid-19 pandemic, which has placed additional pressure on staff, leading to increased turnover.

A recent follow-up report presented to the Cyngor Gwynedd Care Scrutiny Committee highlighted ongoing issues and staffing gaps. It also outlined the actions being taken by Cyngor Gwynedd to mitigate these impacts and support the social care workforce as much as possible.

### Current action to address workforce challenges

Cyngor Gwynedd carries out recruitment campaigns regularly and uses various methods to do so. The campaigns are held locally by targeting specific areas and towns. Alongside other partners, Cyngor Gwynedd are constantly seeking to change the perception that exists in terms of jobs in the care sector and makes efforts to highlight the wide range of opportunities that exist, the flexibility of the contracts that are available and the benefits for staff. One aspect in particular that should be highlighted is the collaboration that is ongoing with partners to seek to further develop career pathways within the field. Cyngor Gwynedd appointed an officer in December 2021 to lead on this aspect and to support the work programme in terms of holding events, various marketing methods, creating original and bespoke material, and identifying opportunities to improve work processes. There is recognition nationally that staff shortage has now reached crisis point. Cyngor Gwynedd have recently seen efforts made nationally such as the commitment to increase salary levels of all care workers to the Real Living Wage of £12.60 an hour as well as one-off financial contributions. On a promising note, the pay settlement agreed in October 2022 provides an additional £1,925 per annum. Such an increase has not been seen for some time.

It should be noted that salaries in this field are recognised as a matter that needs to be addressed on a Wales and UK level. This problem is therefore not unique to Gwynedd, and it is assuring to observe the ongoing collaboration intended to address these matters. Of course, there are differences in the way other local authorities provide care services, with some of them mainly reliant on commissioning the independent sector but from ongoing discussions and observed collaboration these organisations are all experiencing difficulties in recruiting and retaining staff. The Welsh Government White Paper on workforce sustainability highlights indeed that the situation has deteriorated in recent years, and it appears that the situation is not likely to improve any time soon. What is required now, the paper advocates, is a need for national guidance and intervention on the matter.

## Gwynedd Care Academy

The idea of the care academy stems from a project that has already been established in Carmarthenshire in 2020. The academy offers a specific, professional path for individuals who wish to pursue a career in the world of Health and Care.

The academy will give individuals an insight into careers within these sectors and provide an opportunity to gain qualifications. Individuals on the scheme will know that they are aiming for a specific career path while filling gaps within services in the meantime and having the opportunity to build expertise.

Our intention with the academy is therefore to:

- to think about the future of our current services,
- increasing the ability to support new developments,
- building expertise for key positions along the journey.

By offering concrete developmental opportunities and pathways to the residents of Gwynedd we will commit more people to wanting to live and work within the County in the long term and fill vacancies in the short term.

The intention is to establish a new Care Academy coordinator position through Gwynedd Council's budgets as a starting point, with the intention of extending this to include a coordinator from BCUHB through the developmental work of the Penrhos scheme to increase the number of trainees as the scheme Penrhos to develop further.

The academy is open to individuals of all ages, an opportunity to earn a salary while learning as well as receiving support, training, and guidance along the way. At the end of the scheme individuals can follow careers such as: –

- Social Worker
- Occupational Therapist
- Home Manager or
- Nurse.

It is also possible for individuals who are already working in the field to apply for the development opportunities. In the same way if individuals are at any point happy with their job along the journey there will be various exit points in the academy which will enable individuals to apply for the relevant job.

While completing their placements along the journey and to reach the above goal, individuals can gain experiences and fill gaps in Penrhos services. Individuals can take advantage of opportunities to have various experiences working together and interweaving the world of Health and Care.

In encouraging collaboration between Health and Care the academy will help develop new, more integrated roles that will work across both sectors. It will be possible to develop more roles such as 'Advanced Practitioners' which will combine work, give individuals more opportunities to learn from each other and gain diverse experiences. The academy will therefore help with perceptions that individuals have about working in the field and give more professional status to this type of work.

We hope the academy will:

- help with workforce planning,
- helps when thinking about new plans for example Penrhos and needs for the future,
- reduces the need for the use of agency workers,
- reduces staff turnover within organizations as staff see more opportunities for a career path.

See Appendix A for an overview of the process.

## The Vision

The Llŷn community is known for its resilience and independence borne out of the surrounding geography and rurality. Traditionally, adult children have settled nearby close to family members which has meant families have been able to step in to provide care for older relatives when necessary. However, this trend is becoming less prevalent and is likely to continue. This element of unmet need must be considered within the overall proposed service model.

There is also wide recognition that the former Penrhos Polish Home model of care was innovative in terms of keeping its residents well, independent and out of care. It will be important to maintain and build on this ethos in terms of the future for the site.

## Proposed Service Model

The proposed service model should:

- Maintain the current overall ethos - promoting quality of life, maintaining independence, ensuring wellbeing and reducing reliance on dependent care for as long as possible.
- Deliver a spectrum of supported care - from minimal dependence (independent living apartments) to assisted living, with access to step-up/down care, to residential care and to nursing and end of life care, as determined by an individual's needs.
- Promote a flexible approach to the care home beds allowing flexibility in bed usage where possible to meet local needs rather than fixed/designated bed provision, thereby improving efficiency
- Recognise the importance of relationships (contracting) with the third sector to ensure service resilience (for example Mental Health).
- Future-proof the overall provision considering older people population projections and current unmet need.

There are two potential models or contractual arrangements for Cyngor Gwynedd and BCUHB to deliver the proposed new public sector residential and nursing home in Penrhos. These have recently been assessed by Carmarthenshire County Council and Hywel Dda University Health Board as part of a very similar project in Carmarthen to build and run a 60-bed residential and nursing home. The two models are:

- Option 1 – Partnership Model: The Health Board employs the nursing staff, retaining clinical oversight. The Local Authority would have run the home itself and be the registered body with CIW.

This would mean that the HB would fund the nursing staff (from existing CHC budgets) and Local Authority would separately charge the HB for the overheads associated with running a care home – this would represent a new contractual arrangement;

- Option 2 – Delegated Model: The Local Authority employs all staff, including nursing staff, under a delegated responsibility from the Health Board. The Local Authority would run the home and be the registered body with CIW. Under this arrangement, the contractual arrangement would remain the same as now with the HB commissioning care placement from the LA via CHC / FNC budgets.

The OBC does not presently articulate the definitive future contracting arrangements as this will depend on which model is followed. These arrangements will be defined at FBC stage.

## The Penrhos Vision

The project's vision is for a new kind of partnership, which thinks differently about the relationship between services and the community for the future.

The Penrhos vision can therefore be summarised as follows:

### Penrhos Vision

*To provide high quality, energy efficient (low carbon) homes and health and care services in a unique village setting. The development will mainly provide homes for people with care/healthcare needs; but also provide some affordable housing for local people and for people who will work on site in the care and health sector.*

Further background and the masterplan for the site can be seen in Appendix B. ([Penrhos Polish Village - A New Vision by ClwydAlyn - Issuu](#))

## Investment Objectives

The Investment Objectives are the 'targeted' outcomes for the project. They reflect the rationale for the project and are used as part of the options appraisal process described in the Economic Case. The Investment objectives for this business case are set out in the figure, below. These objectives:

- Support the achievement of our vision
- Respond to the Case for Change described above.

Investment Objectives	
<b>One</b>	To support the rebalancing of the residential and nursing care market (for the Gwynedd area) by increasing delivery from the public/not for profit sector focused on delivering person centred outcomes for all.
<b>Two</b>	To support the provision of care closer to home by improving the accessibility of residential and nursing care, ensuring provision of services in the Welsh language.
<b>Three</b>	To support sustainability of local residential and nursing care provision through a collaborative, partnership approach which will integrate with the wider spectrum of care delivered from the Penrhos site.
<b>Four</b>	To develop an innovative workforce model that will support the long-term health and social care sector with the potential for application in other areas of North Wales and create opportunities for training through Welsh Language.
<b>Five</b>	To ensure purposefully designed accommodation which will meet the care needs of individuals both now and into the future.
<b>Six</b>	To deliver value for money through the efficient use of resources and delivery of environmentally sensitive accommodation that is carbon neutral.

Table 5 - Investment Objectives

## Scope and Key Service Requirements

Key service requirements are the service changes required to meet the investment objectives described above. The key service requirements for this business case are summarised in the table below.

	Requirement	Desirable
<b>Residential requirements</b>	<ul style="list-style-type: none"> <li>32-bed residential dementia facility</li> <li>2 residential units, each with 16 beds ensuite</li> <li>2 x Resident Diners; Lounges; and Kitchens and Quiet area</li> <li>Assisted Bathroom in each unit</li> </ul>	<ul style="list-style-type: none"> <li>Space to accommodate future needs.</li> <li>Consideration given to Covid management, easy to isolate residents, air circulation, manage infection.</li> <li>Consideration to RNIB requirements.</li> <li>Toilet facilities close to communal areas but also private.</li> <li>Proximity to nursing station and staffing.</li> <li>Consideration given to planning for dementia residents, colour contrast etc</li> <li>Safe outside space and visual interest.</li> </ul>
<b>Nursing care requirements</b>	<ul style="list-style-type: none"> <li>24 bed nursing facility of which 8 beds will be for nursing dementia care</li> <li>2 residential units, one with 16 beds and another with 8 beds ensuite</li> <li>2 x Resident Diners; Lounges; and Kitchens and Quiet area</li> <li>Assisted Bathroom in each unit</li> </ul>	<ul style="list-style-type: none"> <li>A modular design approach to allow for single rooms and to be dementia friendly</li> <li>Dedicated garden for walking and exercising / keeping fit</li> <li>Robust design for challenging behaviour.</li> <li>Generic design to meet requirements for Dementia and General Nursing to ensure flexibility in use, and to adapt in changes to demand and needs.</li> </ul>
<b>General / Communal</b>	<ul style="list-style-type: none"> <li>Staff changing rooms and showers</li> <li>1 sleep-in ensuite bedroom</li> <li>2 staffrooms</li> <li>1 Community Resource Team office space</li> <li>1 reception and visitor area (inc. office space)</li> <li>2 therapy rooms</li> <li>3 x Meeting rooms</li> <li>Manual Handling Training room</li> <li>Main Laundry</li> <li>Restaurant / Communal meeting area for use by wider site</li> <li>1 x Family ensuite bedroom</li> <li>Hair salon and therapy rooms for use by wider site</li> </ul>	

Table 6 - Key service requirements

The site should be designed with flexibility for the future in mind.

The Care Home project does not address the need for extra care housing, step down flat, sheltered housing, Discharge to Recover then Assess (D2RA) beds as they form part of the wider Penrhos Redevelopment Project. End of life beds would be offered at Bryn Beryl hospital.

## 1.7 Benefits

With investment objectives outlined above the following section presents the benefits to be expected from this undertaking as well as an outline of risks and dependencies, and management thereof.

## Previous Benefits Analysis

Previous benefits analysis contained in the SOC aligned investment objectives and benefits criteria as shown below:

Investment Objectives		Main Benefits Criteria
1	To support the rebalancing of the residential and nursing care market (for the Gwynedd area) by increasing delivery from the public / not for profit sector focused on delivering person centred outcomes for all.	<ul style="list-style-type: none"> <li>• Securing of 'not for profit' nursing provision in local area</li> <li>• Flexible health and care provision ("seamless care" as described in A Healthier Wales)</li> <li>• Partnership approach between Health and Local Authority may provide further opportunities for integrated approaches</li> </ul>
2	To support the provision of care closer to home by improving the accessibility of residential and nursing care, ensuring provision of services in the Welsh language.	<ul style="list-style-type: none"> <li>• No-one stays longer than they need to in acute inpatient care. There are no "delayed transfers of care" due to lack of provision of residential and nursing beds</li> </ul>
3	To support sustainability of local residential and nursing care provision through a collaborative, partnership approach which will integrate with the wider spectrum of care delivered from the Penrhos site.	<ul style="list-style-type: none"> <li>• By having public sector provision in nursing – ability to understand more acutely the pressures of sector and ability to support smaller providers.</li> </ul>
4	To develop an innovative workforce model that will support the long-term health and social care sector with the potential for application in other areas of North Wales and create opportunities for training through Welsh Language.	<ul style="list-style-type: none"> <li>• Employment opportunities for residents</li> <li>• Provide residents with the right skills for long term employment</li> <li>• Provide school leavers with career aspirations meaningful and long-term employment</li> <li>• Local supply chain is supported and grown</li> <li>• Ability to train and develop medical, nursing and care staff through secondment and shadowing opportunities within the provision</li> <li>• Welsh language skills of all staff will be part of the recruitment policy of Council</li> </ul>
5	To ensure purposefully designed accommodation which will meet the care needs of individuals both now and into the future.	<ul style="list-style-type: none"> <li>• Providing a modern, accessible working environment that motivates different professional groups to operate collaboratively</li> <li>• Provides a demonstrable vision for service integration</li> <li>• Positive contribution towards decarbonisation / net zero agenda; Accommodation that meets current building recommendations (e.g. HBN / DDA / ventilation / infection prevention)</li> <li>• Meets BREEAM aspirations</li> </ul>

Table 7 - SOC Benefits Analysis

## Benefits identification approach

Since the SOC benefits analysis further work has been undertaken.

To define the full spectrum of benefits achievable through the delivery of Penrhos care home, a benefits workshop was previously held comprising Cyngor Gwynedd, BCUHB and ClwydAlyn representatives. The workshop had the following objectives:

1. To outline Gleed's approach to developing Penrhos project benefits
2. To propose first iteration of Penrhos project benefits for initial review and validation
3. To recommend further benefits management activity



The workshop was guided by the approach below and further details regarding the approach can be seen in Appendix C:

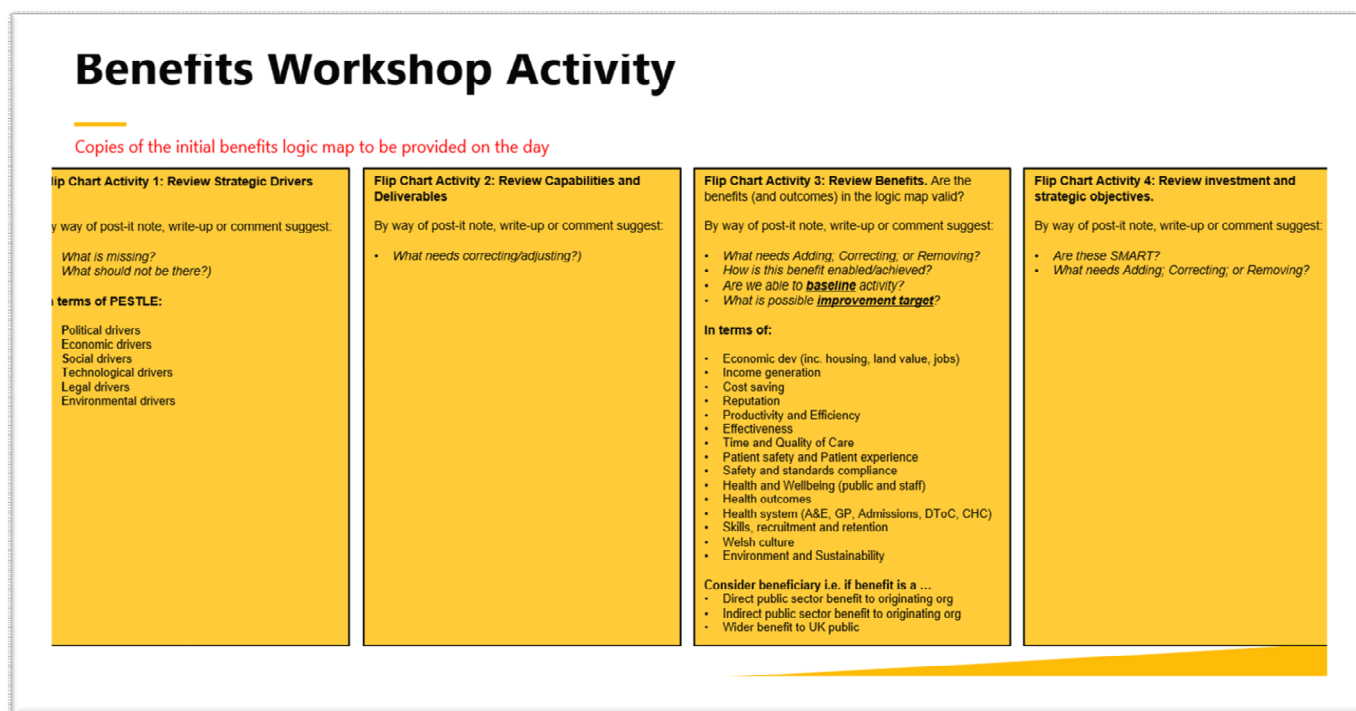


Figure 9 - Benefits workshop activity

Prior to the workshop and based on a detailed review of the strategic and economic cases outlined in the SOC, environmental scanning, and review of other previous initiatives a preliminary and revised set of benefits was identified arising from the preferred option. This preliminary and revised set of benefits guided the benefits workshop. Supported by active contributions across the board, the benefits workshop validated the proposed benefits and provided feedback which was incorporated into a revised benefits map.

The following table highlights the key benefits of the project.

Benefit	Examples
Economy	More construction jobs Construction social value New and more employment in care / nursing home Growth of local economy
Sustainability	CO2 savings - Energy efficiency and reduced carbon
Quality	Improving quality of care / patient satisfaction
Recruitment and retention	Staff recruitment retention improved Increased health and care skills
Experience	Increased staff satisfaction Increased patient satisfaction Increased public satisfaction
Outcomes	Improved Health Outcomes
Efficiency	Reduced hospital admissions Reduced re-admissions Reduction in length of stay Reduced Did Not Attend (DNA) Reduced Pathway of Care Delays
Value for money	Reduced LA and CHC costs Income/revenue generation
Culture	Enhanced cultural heritage

Table 8 - Key benefits of the project



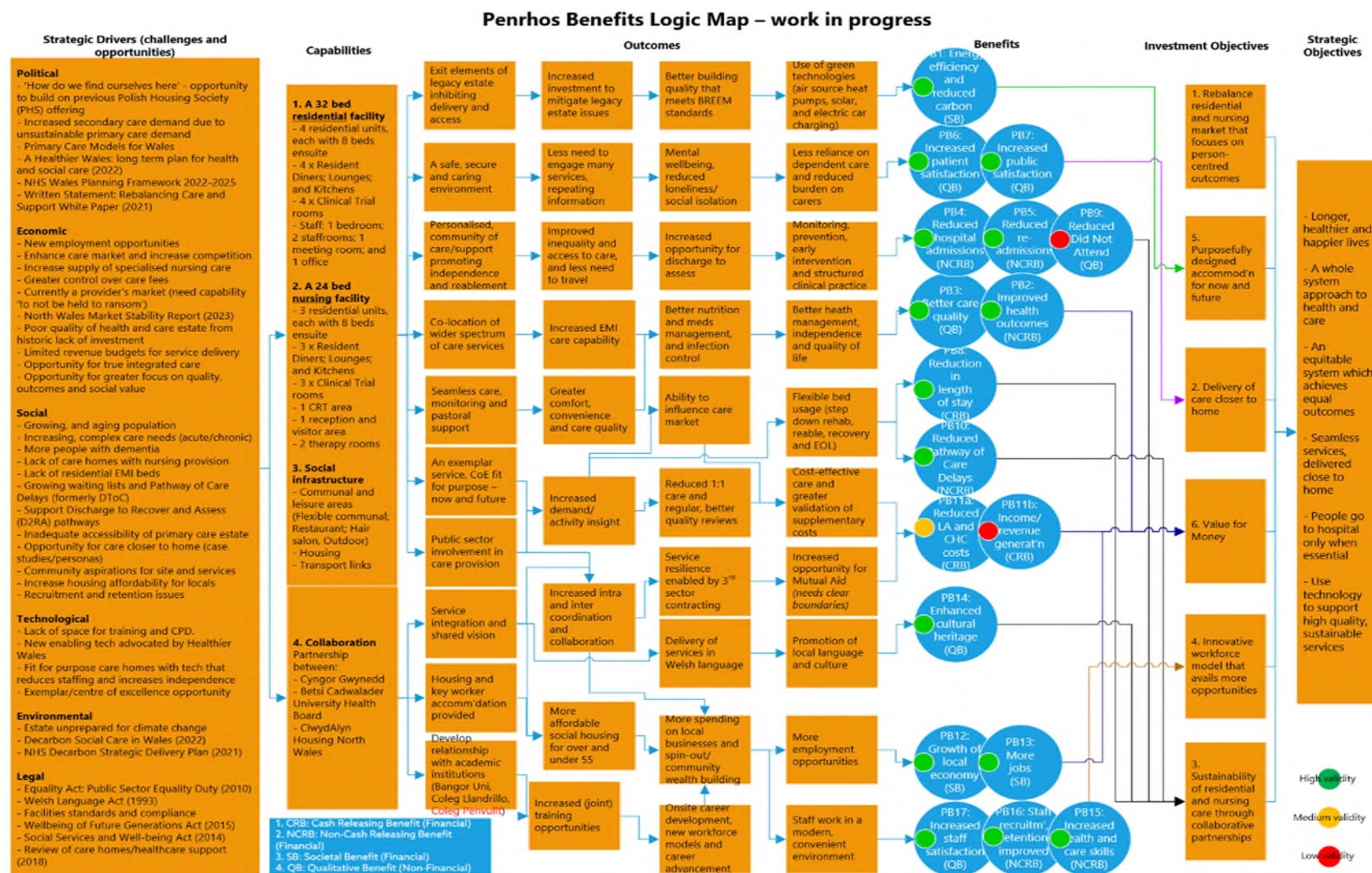


Figure 10 - Penrhos benefits logic map

## Benefits Register

Aligning benefits and investment objectives provides assurance that the objectives are directly relevant to the business case and to the decision-making process. In keeping with benefits best practice, a Benefits Register has been developed to register all intended benefits. This register is in Appendix D.

## 1.8 Risks, Constraints and Dependencies

### Risks

A risk workshop was undertaken with the project team and external advisors to assess the levels of risk associated with the current arrangements. The most impactful risks are as shown below:

Current Position	
RAG	Count
Red	5
Amber	9
Yellow	14
Green	10

Post Countermeasures	
RAG	Count
Red	1
Amber	4
Yellow	16
Green	17

No.	If...	Then...	L	I	Score	Risk Owner	Main Category	Risk Cost	Risk Countermeasures	L	I	Score	Cost Type	Adjusted Cost
1	Not possible to recruit required quantity or quality of care staff	New facility will not be able to operate at full capacity/ will bear the cost of agency staff	4	5	20	Council	Operational	£ 150,000	A workforce subgroup is currently exploring a potential model. There is an opportunity here to ensure that nursing placements within care homes become a more integral part of the career of nursing staff. The Health and Care Academy may go some way to mitigating this issue, regardless mitigation built into the scheme via dialogue with wider stakeholders to provide early warning of any shortfalls.	2	2	4	Revenue (PA)	£ 120,000
2	Not possible to recruit the required quantity or quality of nursing staff	New facility will not be able to operate at full capacity/ will bear the cost of agency staff	4	5	20	BCUHB	Operational	£ 200,000	Council has assessed availability of nursing staff, alongside communications with training providers, which are increasing in line with the growing certainty that the scheme will proceed.	2	2	4	Revenue (PA)	£ 160,000
3	Capital funding cannot be secured from the IRCF	Scheme will not proceed.	3	5	15	Council	Financial	£ 500,000	The Penrhos project has been included on the Regional Funding Requirement list, and regular conversations with the Welsh Government have highlighted the need.	2	5	10	Revenue (PA)	£ 300,000
4	Cost neutral solution (in terms of revenue) cannot be delivered, or alternative funding be secured	Affordability will not be proven at FBC stage, and the scheme will not progress	3	5	15	Shared	Financial	£ 500,000	Agreement of Heads of Terms to be concluded following submission of the OBC	2	4	8	Capital (Total)	£ 300,000
5	There is a delay to receipt of funding from WG	Capitalised staff costs and inflation for works and services will increase the overall outturn cost for the scheme	3	4	12	Council	Financial	£ 1,000,000	Maintain a cross-stakeholder working group to ensure, where possible, a smooth and robust FBC process. Arrange a pre-FBC engagement session with the assessors to agree on the proportionality of the business case and avoid, where possible, clarifications and requests for further information.	2	3	6	Capital (Total)	£ 480,000
6	A lower level of funding is granted than that requested in the grant applications	Scheme may require borrowing to become affordable	3	5	15	Council	Financial	£ 4,000,000	Maintain communications lines with Welsh Government	3	5	15	Capital (Total)	£ 2,400,000
7	Parties administering the grant funding delay the award	Tendered prices from the market may be lost	3	4	12	Shared	Delivery	£ 350,000	Take a proactive approach with the Welsh Government prior to drafting the FBC to ensure a 'no surprises' approach, reducing the need for clarifications and potential requests for additional information.	2	4	8	Capital (Total)	£ 168,000

Table 9 - Most impactful risks

Each risk is evaluated based on two main factors: how likely it is to happen (likelihood) and how significant the consequences would be if it did occur (potential impact). By multiplying these two values, we get the risk exposure score, which gives us a measure of how serious or threatening the risk is to the project.

The RAYG-rating, color-coded system (Red, Amber, Yellow and Green) represents the severity of each risk. Red rating indicates the highest level of risk exposure, meaning that both the likelihood and impact are significant and require immediate attention or mitigation. Amber represents a moderate risk exposure, suggesting that while the risk may not be as critical, it still requires monitoring and management. Yellow represents an even more moderate risk exposure compared to Amber. Green indicates the lowest level of risk exposure, meaning the risk is either unlikely to happen or would have minimal impact if it did, so it requires less immediate focus. RAYG system helps to prioritise risks, making it clear which ones need urgent action (Red) versus those that are less concerning (Green). A fully costed risk register can be seen in Appendix E.

## Key themes

The key themes that emerge from the risk assessment are centred around staffing and funding. Firstly, there is a clear emphasis on the difficulty of recruiting enough qualified care and nursing staff. This could result in the nursing home not operating at full capacity, which could force it to rely on costly agency staff to fill gaps. This reliance would increase operating expenses and reduce efficiency. A way to mitigate this would be to assess the availability of the local workforce and engage with the Care Academy initiatives, which aim to develop and sustain a skilled care workforce through targeted training and recruitment support, thereby alleviating these staffing concerns.

Another important theme is the project's dependence on capital funding. Securing this funding is crucial and without demonstrating its viability, the project could be stopped before final approval of the business case. To manage this, strong financial planning is critical in providing a buffer against potential funding shortfalls and to keep the project on track.

Delays in funding or increases in inflation present additional risks as the cost of staffing and contracted services are likely to rise, making the project less affordable. Delays would not only affect the timing of the project but also increase expenses, potentially threatening its feasibility. Preparing contingency plans to account for inflation and engaging with funding bodies early on may help to mitigate these financial challenges.

## Constraints

Any change will need to ensure that operational activities are not compromised. The nature of the organisations and their ability to maintain operations is paramount to its performance targets which ultimately means the public it serves. The design and phasing of schemes within this business case will have to be developed with maintaining business continuity being fundamental.

Perceived limitations have been reviewed, and the following have been identified, along with their mitigating actions:

Constraints	Mitigating Actions
<b>Funding</b>	Continue dialogue with partners.
<b>Optimism Bias</b>	This constraint is mitigated by close adherence to HMT business case development, and OB guidance. This is addressed in detail in the Economic Case below.
<b>Planning Consent</b>	High levels of partnership and engagement with all stakeholders and the public.
<b>Location and Site Constraints</b>	Engage all stakeholders as effectively as possible ensuring expectations are effectively managed.
<b>Regulatory and Legal</b>	Comply with various regulations, including health and safety, environmental laws etc.
<b>Partner Buy-In</b>	Active alignment with existing partner strategies and policies, including key strategic objectives and future development plans.

Table 10 - Constraints

## Dependencies

As part of the PMO activity and the identification of potential limitations, a set of key dependencies have also been captured and considered, as per the following table:

Key Dependencies	Management
<b>Cross Sector Collaboration</b>	Partners need to collaborate, to minimise disruption to business continuity.
<b>Regulatory Compliance</b>	Adherence to regulations relating to building, including environmental, health and safety, and heritage preservation laws.
<b>Project Management</b>	Effective project management to oversee the entire process, ensuring timelines and budgets are adhered to.
<b>Security Measures</b>	Maintaining the security of sensitive information and infrastructure.

Table 11 - Dependencies

## 1.9 Conclusion of the Strategic Case

The preceding demonstrates the strategic relevance and critical importance of Penrhos care home which demonstrably supports national, regional and local efforts to address a wide range of socio-economic challenges while delivering on a range of health and social care benefits that support overall efforts of the Welsh Government and the health and social care partnership to improve health and wellbeing to Gwynedd residents. As shown above, the risks are considerable in the short term and to mitigate the known future issues remedial action is required.



# Economic Case

## 2. Economic Case

### 2.1 Introduction

The Economic Case identifies and appraises the scheme costs and benefits to determine its overall Value for Money. It takes into consideration the costs associated with developing and delivering a new nursing and residential care home at Penyberth, Penrhos and the benefits attributed to this. The Economic Case overall shows that the investment from the public sector unlocks the scheme's benefits which are greater than the associated costs.

#### 2.1.1 Market Failure

Research published by property advisors, Christie & Co in July 2024<sup>38</sup> highlighted the scale of the care home bed deficit in North Wales. They reported that between 2020 and 2023, 40 elderly care homes in Wales closed and only four opened.

Between 2020 and 2024, 604 EMC (Effective Market Capacity/future-proof) beds were developed in Wales, either through new registrations or the refurbishment of existing facilities – that's an increase of just 5 per cent in four years. Comparatively, the demand rose by 20 per cent meaning that, as of 2024, the overall demand for beds in Wales is circa 21,155 whilst there are only circa 12,501 EMC beds in supply – just 59 per cent of the required demand.

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<sup>38</sup> <https://www.christie.com/news-resources/publications/wales-healthcare-market-insight-2024/>

Analysing existing planning applications, by 2029 the supply of EMC beds in Wales is predicted to increase by 1,049. However, this is alongside a projected increase in demand of 3,627 beds<sup>39</sup>. Given the lack of new registrations in the country, this undersupply is likely to widen even further. Therefore, expansion and new registrations will not occur at a rate that can replace the decline, ultimately leading to a lack in the supply of future-proof beds in an ageing population. Christie & Co forecasts that, by 2034, there will be a total undersupply of 1,672 EMC beds in North Wales.

In Gwynedd specifically, there is a dire shortage of nursing home spaces across the county, and which is more acute in the Llŷn area with no provision at all. Proportionally, more people from Llŷn are having to travel further away from home and to get the right nursing care.

As reported in the Health Foundation, February 2021<sup>40</sup>, in the NHS most care is free at the point of use, state-funded and, usually, delivered by organisations in the public sector. Adult social care, by contrast, is a far more complicated mix of state-funded and privately financed care, provided by thousands of different organisations, most of which are independently owned businesses, at prices determined by local market forces and the funding available to local authorities.

If the adult social care market worked well, as the Competition and Markets Authority (CMA) has explained in the case of care homes, it would match supply and demand, and people would make well-informed choices about how their care needs are met. Those working in the sector would be appropriately recompensed for their skills, the industry would be financially sustainable, providers would become more efficient and investment in the sector would continue. However, the CMA concluded there were broad problems in the care home market.

To summarise, currently there is under provision of nursing home places in Gwynedd, which is worse in some parts of the county, namely Llŷn. As commissioners, the Local Authority and the Health Board are looking to address this by becoming providers of a care home with nursing. As commissioners, the partners are looking to intervene where the market has not provided a solution.

## 2.2 Critical Success Factors

Before identifying the potential options available to deliver the investment objectives, it is important to establish the Critical Success Factors (CSF) against which the options will be assessed. A workshop between the project partners identified the following CSFs:

Critical Success Factor	Description
<b>Strategic fit and business needs</b>	Meets agreed spending objectives, related business needs and service requirements. Align with local and national strategic direction.
<b>Potential Value for Money</b>	Optimise public value (social, economic, and environmental) in terms of potential costs, benefits, efficiencies and risks.
<b>Potential achievability</b>	The ability of the Cyngor Gwynedd/ BCUHB partnership to deliver the required services and deliverables.
<b>Supply-side capacity and capability</b>	The partnership's ability to innovate, adapt, introduce, support, and manage the required level of change, including the management of associated risks. The partnership's ability to further develop progressive and collaborative working within the across boundaries.

<sup>39</sup> <https://www.christie.com/news-resources/publications/wales-healthcare-market-insight-2024/>

<sup>40</sup> <https://www.health.org.uk/news-and-comment/blogs/why-the-market-matters-in-adult-social-care-and-what-we-can-do-about-it>



<b>Potential affordability</b>	The partnership's ability to fund the required level of expenditure – namely, the revenue consequences associated with the proposed investment and service delivery model.
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Table 12 - Critical Success Factors

## 2.3 Options Assessment

A local, sustainable and quality provision of care homes is an essential part of any health and care system. Without such provisions, individuals will not be able to secure the best health and wellbeing possible, and the health and care system as a whole will be inefficient and ineffective in delivering on the health outcomes of the wider population.

There are a total of 128 residential beds in the Llŷn and Eifionydd District but following the closure of the Penrhos Nursing Home at the beginning of December 2020 there is no provision of nursing beds in the Llŷn area.

This means that people must travel to find suitable and qualified provision, increasing pressure on housing in the area they are moving to. Some individuals must also look for locations outside the county which causes difficulty in terms of visiting and maintaining contact with families and it can be more difficult to receive a service in Welsh.

On this basis, several options have been considered by the Local Authority and Health Board to address the lack of provision of residential and nursing care in the Llŷn area. In the initial development of the SOC, a series of partner workshops informed the longlisting, driven by the Strategic Options Framework Filter process in the HM Treasury Green Book.

The long list of options to deliver the investment objectives were identified as follows:

Option	Description
1	Business as usual. Continued lack of provision locally
2	Commission all beds from a private provider
3	Re-purposing community hospitals to provide suitable nursing care accommodation
4	24/7 home care for nursing and residential provision. No new residential beds provided.
5	Single partner delivery approach. LA provider only or Health Board provider only.
6	Partnership between LA and Health Board – refurbishment of existing Penrhos care home
7	Partnership between LA and Health Board – new care and nursing home facility at Penrhos

Table 13 - Longlist of Options

Each of the options were assessed against the critical success factors. The options longlist assessed against the five critical success factors as follows:

	Strategic fit/business needs	Potential VFM	Potential achievability	Supply-side capacity/capability	Potential affordability	Taken forward
Option 1: Business as usual						For comparison
Option 2: Commission all beds from a private provider						No
Option 3: Re-purposing community hospitals						No
Option 4: 24/7 home care for nursing and residential provision						No
Option 5: LA provider only, HB provider only or LA, HB, Private provider only						No
Option 6: Partnership with LA and HB – refurbishment of existing Penrhos care home						Yes
Option 7: Partnership with LA and HB – new care and nursing home facility at Penrhos						Yes

Table 14 - Assessment of Longlist Options

The rationale behind these ratings is described below:

Option	Rationale
<b>Option 1: Business as usual</b>	Does not meet service requirements or deliver associated benefits. High cost associated with the use of private provision outside of the local area. <b>Discounted but considered in the economic appraisal to allow comparison against base case.</b>
<b>Option 2: Commission all beds from a private provider</b>	No private nursing provision currently in place in the Llŷn area. Evidence to date shows private sector unlikely to enter the market locally. <b>Does not meet service requirements and therefore is discounted.</b>
<b>Option 3: Re-purposing community Hospitals</b>	The Bryn Beryl site would have to be repurposed to ensure care closer to home. This would likely impact on other hospital services, impacting on the wider health and care system. <b>Option is discounted.</b>
<b>Option 4: 24/7 home care for nursing and residential provision</b>	The availability of workforce in the area to meet demand is a significant barrier to the success of this option. Because of the lack of nursing home beds, this option represents a risk of people with high needs living alone. <b>Option is discounted.</b>

<b>Option 5: LA provider only, HB provider only</b>	No partner can provide nursing care without the partnership of the Health Board. A single partner approach would not achieve the investment objectives of meet the gaps in the market identified in the strategic case. The Health Board cannot operate a care home alone, due to the inability of the Health Board to charge residents for care services. <b>Option is discounted.</b>
<b>Option 6: Partnership with LA and HB – refurbishment of existing Penrhos care home</b>	Gwynedd Council and Betsi Cadwaladr University Health Board have a partnership agreement in place to provide nursing home placements within the county and to establish an innovative, seamless and effective care model to meet the future needs of Gwynedd residents. A partnership is required to enable the public sector to deliver flexible and responsive nursing care. Delivery of flexible and responsive nursing care tailored to the needs of local people is not possible without this partnership between the local authority and the health board. The number of rooms that could be accommodated through refurbishment would not meet local requirements and costs of refurbishment are considered prohibitive and would not represent value for money. <b>Taken forward to the economic appraisal for comparative purposes.</b>
<b>Option 7: Partnership with LA and HB – new care and nursing home facility at Penrhos</b>	Gwynedd Council and Betsi Cadwaladr University Health Board have a partnership agreement in place to provide nursing home placements within the county and to establish an innovative, seamless and effective care model to meet the future needs of Gwynedd residents. A partnership is required to enable the public sector to deliver flexible and responsive nursing care. Delivery of flexible and responsive nursing care tailored to the needs of local people is not possible without this partnership between the local authority and the health board. The preferred option is to deliver this through a new, fit for purpose facility with the capacity to meet the requirements of the local health care ecosystem. <b>Taken forward.</b>

Table 15 - Rationale behind ratings

### 2.3.1 Options to be appraised

Based on the above analysis, the options appraised through the economic assessment are therefore:

- **Option 1: Business As Usual**
- **Option 6: Partnership with LA and HB – refurbishment of existing Penrhos care home (Do Minimum)**
- **Option 7: Partnership with LA and HB – new care and nursing home facility at Penrhos (Do Maximum, preferred option)**

This allows the preferred option to be considered against the “do nothing” or “business as usual” option as well as the do minimum option. All other options have been discounted as set out in the table above.

## 2.4 Economic Appraisal

### 2.4.1 Economic Appraisal Summary

The economic appraisal assesses the Net Present Value (NPV) and the Benefit Cost Ratio (BCR) against a range of plausible scenarios.

An Appraisal Summary Table provides a clear and transparent reflection to decision makers on cost and benefits associated with the scheme on a consistent basis. This enables the decision maker to understand the value for money.

The table below shows the appraisal summary for the preferred and 'do minimum' options. This shows that the preferred option with a Benefit Cost Ratio (BCR) of 2.57:1, would fall into the 'High' Value for Money Category as set out in the MHCLG Appraisal Guide 2023.<sup>41</sup> The do minimum option, with a Benefit Cost Ratio (BCR) of 1.42:1, would fall into the 'Acceptable' Value for Money Category.

	Preferred Option	Do Minimum
<b>Economic Benefits</b>		
Employment Impacts	£13.8m	£13.1m
Construction Training / Social value	£0.1m	£0.1m
Improvement in quality of care / patient wellbeing	£4.5m	£1.2m
Reduction in A&E Admissions	£0.06m	£0.04m
Reduced Ambulance Use	£0.06m	£0.05m
Reduced length of stay in hospital	£0.04m	£0.001m
Patient / Family Cost Savings	£3.1m	£2.25m
Recruitment savings	£0.4m	£0.27m
Staff satisfaction	£4m	£2.7m
Carbon savings	£0.6m	£0.3m
Energy Savings	£15.3m	£7.6m
Distributional Effects	£8.6m	£6.4m
<b>Total</b>	<b>£51m*</b>	<b>£34m*</b>
<b>Economic Costs</b>		
	£19.88m	£23.86m
<b>Benefit Cost Ratio</b>	<b>2.57:1</b>	<b>1.42:1</b>

Table 16 - Appraisal summary for the preferred and do minimum options

\*rounded numbers

## 2.4.2 Key Assumptions

The general assumptions we have made as part of our economic appraisal are as follows:

The appraisal period is from 2025/26 which is considered year 1 of the project through to 2038/39 which would be 10 years after opening of the new care home, based on the current programme. This assumes a first full year of opening being 2029/2030, assuming funding is secured from the Welsh Government. This allows the benefits to build up and be felt in the health and care system and local economy.

The benefits identified in the strategic case were monetised using relevant market prices where possible and willingness to pay / benefit transfer estimates from appropriate literature otherwise.

Monetised costs and benefits are provided in real terms – *i.e. after stripping out inflation*.

Monetised costs and benefits were discounted at 3.5% to provide net present values. We have taken a base year of 2021.

<sup>41</sup> <https://www.gov.uk/government/publications/dluhc-appraisal-guide/dluhc-appraisal-guide>

## 2.5 Scheme Costs

### 2.5.1 Introduction

The costs of the preferred option are set out in the financial case and include cost projections to the end of 2028/29.

In line with HM Treasury Guidance, the scheme costs use the following methodology:

- Estimation of the base cost
- Adjustment to real prices
- Adjustment for Optimism Bias
- Discounting costs to 2021 values. In line with HM Treasury's Green Book guidance, all costs and benefits in the Economic Case have been expressed in real terms and discounted to a common base year. 2021 reflects the year in which the initial appraisal was developed and ensures consistency across all options and scenarios.

These are based on the latest cost estimated provided by Cyngor Gwynedd and have been profiled as follows:

	2025/26	2026/27	2027/28	2028/29	Total
Scheme Costs	£1,963,000	£8,835,000	£7,853,000	£982,000	£19,633,000

Table 17 - Scheme costs

For the do minimum option, at this stage, it is assumed that the costs of refurbishment are 20% higher than the new build option. This will need further testing at full business case stage.

### 2.5.2 Adjustment for optimism bias

In accordance with HM Treasury Green Book guidance, an optimism bias adjustment has been applied to all costs. Optimism bias is only applied to costs in the economic assessment and is not included in the financial case values.

The upper bound optimism bias rate estimate for standard building types is 24%. Standard building projects are those which involve the construction of buildings not requiring special design considerations i.e. most accommodation projects e.g. offices, living accommodation, general hospitals, prisons, and airport terminal buildings. It is considered that the new nursing and residential care home at Penyberth, Penrhos would fall into this definition.

The Green Book Supplementary Guidance on Optimism Bias states that that the upper bound percentages relate to the average historic optimism bias found at the outline business case stage. Therefore, given that the project is at Outline Business Case Stage, no mitigation to this level of Optimism Bias has been applied. 24% optimism bias has therefore been applied to the project costs.

### 2.5.3 Discounting Costs to Real Prices

Nominal costs converted to real costs using the GDP deflator taken from 'November 2023 Economic and fiscal outlook: Economy supplementary tables', converting the base year to 2023/24. Beyond 2028/29, it is assumed that the deflator will grow at around 2 per cent in the long run, as set out in the OBR's Long run assumptions for National Account deflators.

## 2.5.4 Present Value of Project Costs

As well as applying the optimism bias uplift to scheme costs, a discount factor is applied to adjust costs to 2021 present values (PVs). Discounting incorporates the time preference assumption that generally people prefer value now rather than later and is applied to all costs and benefits. A real terms discount factor of 3.5% per annum has been applied to all scheme costs incurred in line with HM Treasury's Green Book. The total net present value of costs in present day prices including optimism bias and once costs have been discounted is estimated to be **£19.88m**.

Costs	2025/26	2026/27	2027/28	2028/29	Total
Year					
Nominal Economic Cost (with OB)	2,170,000	9,765,000	8,680,000	1,085,000	<b>21,700,000</b>
Real Economic Cost	2,134,146	9,442,081	8,258,801	1,014,398	<b>20,849,426</b>
<b>Real Discounted</b>	<b>2,134,146</b>	<b>9,125,771</b>	<b>7,709,679</b>	<b>914,929</b>	<b>19,884,525</b>

Table 18 - Discounted costs

The Net Present Value (NPV) of costs for the 'do minimum' option have been estimated at **£23.86m**

## 2.5.5 Adjusting for Deadweight

It is important to account for deadweight – the costs that the public sector would incur under the 'business as usual' or 'do nothing' scenario. The financial case identifies the full net operating position across the 10 years (excluding capital works and inflation) is shown in the table below. This includes external bed purchase pre-construction completion showing a significant cost savings to the Council of £34,734m over 10 years.

Operations	BAU	New 56-bed care home	Savings
Bed income	-	£28,756,457	-
External purchase bed	-£34,287,276	-	-
Operating costs	-	-£28,309,310	-
<b><u>Net operations</u></b>	<b><u>-£34,287,276</u></b>	<b><u>£447,147</u></b>	<b><u>-£34,734,423</u></b>

Table 19 - Adjusting for deadweight

This indicates that over 10 years, the cost of the "business as usual" option would be £34,287m for external bed purchase. This is essentially the deadweight position. As these costs have been accounted for in the financial case, they have not been included in the economic appraisal but are considered as part of the sensitivity analysis.



## 2.6 Monetised Benefits

The following benefits of the “do minimum” and preferred options for a new nursing and residential care home at Penyberth, Penrhos have been assessed. In line with the Green Book, these are benefits for which a monetary value can be identified, for the purposes of estimating the Value for Money of a scheme. It must be noted that these monetised benefits will not necessarily lead to Cash-Releasing Benefits (CRB).

- Construction employment
- Construction social value
- New employment in care / nursing home
- CO2 savings
- Improving quality of care / patient satisfaction
- Reduced A&E Admissions
- Reduced ambulance use
- Hospital admissions / Length of Stay
- Staff turnover
- Staff satisfaction

### 2.6.1 Construction Employment

Data from the Annual Business Survey 2022 published in June 2023 reveals that total turnover in the construction sector during 2022 was £344,639 million. The average number of people employed in the construction sector during 2022 was 1.4 million, suggesting that average turnover per construction job in 2022 was approximately £246,000.

Using the construction (and associated costs) estimate of £17.5 million and the average turnover per construction job in 2022 of £246,000, it is estimated that the delivery of the project will generate approximately 71 person years of temporary construction, and related employment.

This is the equivalent to 71 construction workers being employed on a full-time basis for the construction period.

To understand the real construction employment effects an assessment of the net additional construction jobs that will be generated has been undertaken:

<b>Displacement</b>	Given the scale of the project, it is assumed that there will be some displacement of jobs. A ‘medium’ displacement factor of 50% is assumed.
<b>Substitution</b>	It is not considered likely that any firms that will be operating within the construction industry will be substituting employment activities for other activities. Therefore, this has been considered to be negligible.
<b>Multiplier</b>	The Scottish Government* publish type I and type II multipliers for all industry sectors. A multiplier of 1.8 has been used based on the published type II employment multiplier for the construction sector (2020).

Table 20 - Assessment of the net additional construction costs

\*The Scottish Government publishes yearly data on multipliers and is a widely used source for multiplier data.

As per the 2020 Green Book, any analysis of place-based effects should supplement (not replace) a UK level cost benefit analysis. The BCR should therefore reflect a UK level analysis, and no leakage is applied.

The employment which could have been expected to be supported by the construction phase of the scheme would have an economic benefit for the local area by generating gross value added. Gross value added (GVA) is a conventional measure of economic well-being. GVA measures the value of output generated by a producer minus the costs associated with the production of the output. Whilst it is recognised that there are challenges in measuring GVA, it is considered appropriate to include the economic benefits associated with the construction as a one off GVA impact.

The Annual Business Survey provides estimates of the approximate GVA added by different sectors of the UK economy. During 2022 the approximate gross value added by the construction sector was £139.1 billion. The average number of people employed in the construction sector during 2022 was 1.4 million. This therefore suggests that the GVA per construction job in 2022 was £99,345.

Once additionality is accounted for, for the preferred option the construction employment will generate a net present value of **£7.3m**.

For the do minimum option, this will generate a net present value of **£8.7m**

## 2.6.2 Construction Social Value

As part of the procurement process, the main contractor will be contractually committed to delivering social value outputs. Whilst these are yet to be defined, it is assumed this will include some training outputs and community and school engagements. Based on comparator projects, the following has been assumed.

Output	Benefit Applied	Value (gross)
10 apprenticeships	Wage premium of 16% based on an average salary for a Construction Labourer of £25,592 per year in Wales. Wage premium value is taken from the BIS report 'Measuring the Economic Impact of Further Education' which identifies a wage premium of 16% for a level 2 apprenticeship. This benefit is assumed to be an annual lifetime benefit and therefore persists across the period of the appraisal.	£41k
5 work experience placements	A net benefit to society per work experience participant taken from the 'Work experience - A quantitative impact assessment' report by Department for Work and Pensions. Value of £2,050 per participant is identified and has been converted to 2021 prices. This is a one-off benefit.	£23k
30 school children engaged through construction related programmes	Based on Life satisfaction score improvement from participating in School wellbeing / resilience programmes as identified in Lordan and MacGuire (2019). Healthy Minds evaluation report. Value was identified as £2,366 in 2019 and has been converted to 2021 prices. This is a one-off benefit.	£86k

Table 21 - Social value outputs

The value for work experience and school engagements are already net impacts and therefore further additionality factors have not been applied. 80% additionality is assumed for the apprenticeships, recognising that there could be some displacement of apprenticeship activity from elsewhere.

Once additionality is accounted for, the construction social value will generate a net present value of **£0.1m**. It is assumed that this is the same for both the preferred option and do minimum option.

### 2.6.3 New employment

The project will also create new employment opportunities within the new care home. It is currently estimated at 60 new jobs will be created and it is assumed that these will need to be in place from opening. In accordance with the HMT Green Book 2020, the impact of job creation from this scheme was monetised by estimating the welfare value of additional employment at the care home.

To calculate the value of these jobs in terms of welfare value, the GVA per filled job (2021) for Gwynedd was sourced from ONS data. The average GVA per filled job in 2021 was £40,528. From this, the welfare benefit, estimated by the DfT to be the equivalent of 40% of GVA was taken and included in the appraisal.

To understand the net impact of the employment created, an assessment of additionality has been undertaken as shown in the table below:

<b>Deadweight</b>	It is assumed that the majority of the 11 jobs identified will be new jobs. A 'low' deadweight factor of 20% has been applied in line with the DLUHC Appraisal Guide.
<b>Displacement</b>	There could be some displacement of jobs from elsewhere but given the number of jobs created, this is also expected to be low. A 'low' displacement factor of 20% has been applied in line with the DLUHC Appraisal Guide.
<b>Multiplier</b>	The Scottish Government publish type I and type II multipliers for all industry sectors. A multiplier of 1.5 has been used based on the published type II employment multiplier for 'Residential care and social work' (2020).

Table 22 - Assessment of additionality

Once additionality is accounted for, the employment within the care home will generate a net present value of **£6.6m**.

For the do minimum option, we have assumed a lower number of jobs will be accommodated (40) as there will be less bedrooms and this will generate a net present value of **£4.4m**

### 2.6.4 CO2 savings

Gleeds undertook an analysis of the Energy Performance Certificates (EPCs) for similar sized care homes across Gwynedd and Wales. This identified an average Carbon Intensity of 73 kgCO<sub>2</sub>e/m<sup>2</sup>/y. The same report identified that it is recommended to exceed the requirements of Part L to ensure good environmental performance. The RIBA 2030 Climate Challenge guidance proposes a 2025 target of 60 - 75 kWh/m<sup>2</sup>/y. 75 kWh/m<sup>2</sup>/y equates to a carbon intensity of 15 kgCO<sub>2</sub>e/m<sup>2</sup>/y. This would relate to an annual saving against the baseline position of 58 kgCO<sub>2</sub>e/m<sup>2</sup>/y. This has been applied to the proposed gross internal floor area of 4,840 square metres to calculate the annual estimated savings. Carbon values have been taken from the governments 'Valuation of greenhouse gas emissions: for policy appraisal and evaluation'<sup>42</sup>. This will generate a net present value of **£0.6m**.

For the do minimum option, the carbon savings will be reduced. A 50% reduction on the preferred option has been assumed this will generate a net present value of **£0.3m**

<sup>42</sup> <https://www.gov.uk/government/publications/valuing-greenhouse-gas-emissions-in-policy-appraisal/valuation-of-greenhouse-gas-emissions-for-policy-appraisal-and-evaluation>

### 2.6.5 Energy Savings

The value of improvements in energy efficiency was calculated using the approach set out in the government's Green Book Supplementary Guidance 'Valuation of energy use and greenhouse gas' and applying the modelled changes in energy use modelled by Gleeds. A rebound effect of 30% was applied.

The long run variable cost of energy supply (LRVC) is used to value net changes in energy use, and that the retail price of energy is used to value the direct rebound effect.

The LRVC is calculated by identifying the parts of the retail price that represent actual costs to society that vary according to the level of consumption. Other price components are fixed or will only result in transfers between groups in society (which are of no net social benefit). The LRVC does not include carbon savings as these are accounted for separately. The medium range of LRVC and retail prices has been used. The low costs are considered as part of the sensitivity analysis. It is assumed that the reduction in energy use is largely additional and therefore an additionality factor of 75% has been applied.

Once additionality is accounted for, this will generate a net present value of **£15.3m**.

For the do minimum option, the energy savings will be reduced. A 50% reduction on the preferred option has been assumed this will generate a net present value of **£7.6m**

### 2.6.6 Improving quality of care / patient satisfaction

A key aim of the investment in Penrhos is to achieve improved health outcomes from better management of health, better nutrition, better medicines management, and better infection control practices provided by co-location of wider range of services that support Dementia care.

Improvements in healthcare are typically measured through Quality-adjusted life years (QALYs). QALYs are a unit of measurement that combines a person's quality of life (QOL) with their life expectancy to assess the value of medical interventions.

Typically, QALYs for people living in residential care are lower than those living in their own home, however, the innovative nature of the proposed provision which aims to deliver better all round quality of care achieved from joined-up or co-location of services can assumed to result in an improvement in QALY compared to the "business as usual" position for residents which may be long term periods in hospital or in residential settings outside of the county.

Typically, the perception of QoL is limited to health aspects, but there is an ongoing discussion regarding the need for a broader approach to this quality, focused more on overall "well-being", in order to better capture the full benefits of activities [7, 50]. It is increasingly recognised that an overly narrow understanding of the QoL may lead to underestimations of effects, especially in older populations.

The instruments used to assess the QoL component in QALY calculation limit this assessment to dimensions related to health-related QoL. Whereas, for old people, aspects other than those related to health are often essential. It is sometimes difficult to separate health needs from social needs in the older population. Moreover, social values (integration into the community, inclusion, relationships) may be even more important than health improvements per se [40]. Independence, psychological wellbeing, social relations, standard of living, and social activities are examples of factors that strongly influence older people's quality of life [46].

The new residential and nursing home aims to increase patient satisfaction through provision of a safe, secure and co-located care environment which means less reliance on dependent care, reduced carer burden, reduced isolation and loneliness and less need to engage multiple separate services and having to repeat the same information.

Research on such impacts is limited but research from the 'Better Health in Residents of Care Homes with Nursing' programme published in the National Library of Medicine in 2020 on the impact of specific interventions to reduce avoidable hospital admissions in nursing homes reported an increasing in mean QALY per resident of 0.289. As care home residents are likely to have less severe medical conditions than nursing home residents, it is likely that there would be more of an increase in QALY for care home residents than nursing home residents, particularly when QoL is taken into consideration.

For the purposes of the economic modelling, an increase in QALY of 0.2 has been assumed for nursing home residents and 0.4 for care home residents.

The National Institute for Health and Care Excellence states that net health benefits should be presented using values placed on a QALY gain of £20,000 and £30,000. For the purposes of the economic appraisal, a midpoint QALY value of £25,000 has been used. A lower QALY value of £20,000 is tested in the sensitivity analysis.

Additionality is assumed to be high given the lack of residential and nursing care in the locality. Therefore, additionality of 80% has been assumed.

Once additionality is accounted for, this will generate a net present value of **£4.5m**.

For the do minimum option, it is assumed that there are 40 care home beds and no nursing beds in line with the previous provision on the site. It is also assumed that these are not all ensuite rooms. It would not be possible to deliver the exact same model of care and therefore a lower QALY increase of 0.2 has been assumed for care home residents. This will generate a net present value of **£1.2m**.

### 2.6.7 Cost savings for individuals and families

As the cost of providing beds at the new Penrhos Care Home will be less than paying for private provision, there will be cost savings for individuals who pay for some or part of their own care. These cost savings have been calculated through a direct comparison of current and anticipated costs where Penrhos care and nursing home costs are demonstrably lower than private providers and have been estimated at £350,000 per annum.

There will also be costs savings for families of individuals who will not need to travel outside of the local area to visit relatives. Based on an average cost of £50 to travel outside the area and an average of one visit per week for each individual, this would generate savings of approximately £145,000 per annum. For prudence, 50% additionality has been assumed as it cannot be accurately calculated how far each family would travel in the business-as-usual scenario.

The net present value of these cost savings is estimated at **£3.1m** over the appraisal period.

For the do minimum option, the savings have been factored down to reflect the reduced number of beds. This will generate an estimated net present value of **£2.25m**.

### 2.6.8 Staff turnover

One of the investment objectives of the project is to develop an innovative workforce model that will support the long-term health and social care sector with the potential for application in other areas of North Wales. Staff recruitment and retention rate is expected to improve from working in a modern, fit for purpose environment, from greater availability of training, development and career advancement opportunities, from professional satisfaction, and from living in a thriving economic environment.

According to Skills for Care, staff turnover within social care is **30.4%** and according to Care England<sup>43</sup> the cost per rehire in social care is £6,000. Based on this turnover rate and a total of 60 staff members, this would be an annual cost of £108,000. It is assumed that through the implementation of the innovative workforce model, staff turnover would reduce by half to 15% and would generate a net present value of **£0.4m**.

For the do minimum option, the same assumptions have been applied to the assumed reduced staffing level of 40 employees. This will generate a net present value of **£0.27m**

### 2.6.9 Staff satisfaction

Staff satisfaction in health and social care is well documented as being low. The most recent NHS Staff Survey found that 29% of staff often think about leaving their job. Staff satisfied with their job report life satisfaction of 1.24 points above those that don't.

The Green Book Supplementary Guidance on Well-Being, recommends a standard value of one wellbeing adjusted life year – a one-point change in life satisfaction for one year - a 'WELLBY' at £13,000. The total impact per person in relation to job satisfaction is therefore £13,000 x 1.24 = £16,120.

Given the workforce model being proposed, it is estimated that at least 80% of employees will report job satisfaction and this increase in wellbeing has been applied to 75% of employees and is assumed to be an annual figure. This is assumed to be largely additional but to reflect the fact that some employees may already report job satisfaction, an additionality rate of 75% has been applied. This would generate a net present value of **£4m**.

For the do minimum option, the same assumptions have been applied to the assumed reduced staffing level of 40 employees. This will generate a net present value of **£2.7m**

### 2.6.10 Non-Cash Releasing Benefits

#### 2.6.10.1 Reduced A&E admissions

A report by the Health Foundation in 2019 identified that residential care home residents had on average 1.12 A&E attendances per person per year, compared with 0.85 in nursing homes. Research quoted in the Nursing Times, also in 2019 reported that over 40% of emergency admissions from care homes 'avoidable'.

The Penrhos care home project will help to reduce emergency admissions through closer monitoring, prevention, early intervention and structured clinical practice.

The table below shows the baseline number of A&E admissions based on the Health Foundation research and the number of visits saved per year based on a 40% reduction.

	Number of beds	Baseline A&E visits	Number of visits saved
Care Home	32	35.84	14
Nursing Home	24	20.4	8
<b>Total</b>		<b>56.24</b>	<b>22</b>

Table 23 - Baseline number of A&E admissions

<sup>43</sup> <https://www.careengland.org.uk/solving-the-annual-3bn-recruitment-and-retention-cost-to-adult-social-care-providers/>



An average cost to the NHS of an A&E visit, as reported in the Greater Manchester Combined Authority Unit Cost Database<sup>44</sup> is £306. This has been uplifted to reflect the likely higher cost in the local area. In 2022/23, the NHS spent more per person in Wales than in England, with Wales spending £3,337 per person and England spending £3,064 per person. The cost of an A&E visit has therefore been increased in proportion to this £334. This has been applied to the estimated number of saved visits to A&E annually. This is assumed to be 100% additional and will generate a net present value of **£0.06m**.

For the do minimum option, the same assumptions have been applied to the assumed 40 care home beds. This will generate a net present value of **£0.04m**.

### 2.6.10.2 Reduced ambulance use

As well as reduced A&E admissions, it is assumed there would be a corresponding reduction in ambulance use. The average cost to the NHS of an ambulance, as reported in the Greater Manchester Combined Authority Unit Cost Database<sup>45</sup> is £334. This has been uplifted to reflect the likely higher cost in the local area. In 2022/23, the NHS spent more per person in Wales than in England, with Wales spending £3,337 per person and England spending £3,064 per person. The cost of an A&E visit has therefore been increased in proportion to this £364. and this is applied to the estimated number of saved emergency visits to hospital each year. This is assumed to be 100% additional and will generate a net present value of **£0.6m**.

For the do minimum option, the same assumptions have been applied to the assumed 40 care home beds. This will generate a net present value of **£0.05m**.

### 2.6.10.3 Reduced hospital stays

According to the Health Foundation residential care home residents had on average 0.77 emergency admissions per person per year, compared with 0.63 for nursing home residents. As shown in the table below, this would equate to an average of 40 admissions per year as a baseline position.

	Number of beds	Baseline emergency hospital admissions
Residential Care Home	32	24.64
Nursing Care Home	24	15.12
<b>Total</b>		<b>40</b>

Table 24 - Admissions per year

The average length of stay for a care home resident aged 75+ within Betsi Cadwaladr University Health Board is 12.1 days. For a nursing home resident aged 75+, the average length of stay is 7 days. According to the NHS Confederation<sup>46</sup>, the average rate of a hospital bed is between £250 - £350 per night to the NHS in Wales. Assuming a mid-point of £300, this represents a total cost of to the NHS £121,195.

Research by the NHS Confederation found that patients in Wales who require discharge to a care home (irrespective of diagnosis) are significantly delayed. For example, in July 2024, the BBC reported that there are 1,594 people in Welsh hospitals who are fit to leave but remain there because of care or assessment delays”.

<sup>44</sup> <https://www.greatermanchester-ca.gov.uk/what-we-do/research/research-cost-benefit-analysis/>

<sup>45</sup> <https://www.greatermanchester-ca.gov.uk/what-we-do/research/research-cost-benefit-analysis/>

<sup>46</sup> <https://www.nhsconfed.org/publications/response-finance-committee-scrutiny-welsh-governments-2024-25-draft-budget-proposals>

Keeping patients in hospital longer than necessary can also be detrimental to their health and wellbeing, while prolonged stays can mean an increased risk of hospital-acquired infections. It can also mean patients need more support once they leave hospital. The creation of an additional care environment into the local health ecosystem, including discharge to access bed provision, will help support discharges from hospital to reduce delayed discharges and overall length of stay.

There are two areas of benefit here, firstly a reduction in admissions to hospital through improved care (assumed 40% reduction and secondly a reduction in the length of stay (assumed 10%) due to the availability of more beds.

This is assumed to be 100% additional and will generate a net present value of **£0.4m**.

For the do minimum option, the same assumptions have been applied to the assumed 40 care home beds. This will generate a net present value of **£0.001m**.

### 2.6.11 Distributional analysis

The Green Book states that *“the value of an additional pound of income is higher for a low-income recipient and lower for a high-income recipient. Broadly a value of 1 for the marginal utility of income would indicate that the utility of an additional pound is inversely proportional to the income of the recipient. An additional £1 of consumption received by someone earning £20,000 per year would be worth twice as much than to a person earning £40,000. Higher estimates of the marginal utility of income will mean the value of an additional pound declines more quickly relative to increases in income”*.

To calculate the distributional benefits, the following approach was taken:

- Gross disposable household income per head for 2021 was obtained for Gwynedd and the UK (national median equivalised income) based on 2021 ONS data. This was £17,430 for Gwynedd<sup>47</sup> and £21,679<sup>48</sup> for the UK.
- Dividing the national median equivalised income by the same for the target group equates to a figure of 1.24 which when raised by the power of 1.3 as per the Green Book to reflect the marginal utility of income results in a distributional weighting of 1.3.
- This was applied to the sum of the benefits set out above to reflect the assumption that the project interventions will have a greater welfare impact on the target group (residents of Gwynedd) versus the average taxpayer in the UK.
- The value of carbon and energy savings have been excluded from the analysis as these benefits are not specific to the location of the investment.

The distributional effect will generate a net present value of **£8.6m**.

For the do minimum option, this will generate a net present value of **£6.4m**

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<sup>47</sup><https://www.ons.gov.uk/economy/regionalaccounts/grossdisposablehouseholdincome/datasets/regionalgrossdisposablehouseholdincomelocalauthoritiesbyitl1region>

<sup>48</sup><https://www.ons.gov.uk/economy/regionalaccounts/grossdisposablehouseholdincome/bulletins/regionalgrossdisposablehouseholdincomegdhi/1997to2021>

## 2.7 Benefit Cost Ratio

The BCR is calculated by dividing the Present Value of Benefits by the Present Value Costs.

	Preferred Option	Do Minimum
<b>Economic Benefits</b>		
Employment Impacts	£13.8m	£13.1m
Construction Training / Social value	£0.1m	£0.1m
Improvement in quality of care / patient wellbeing	£4.5m	£1.2m
Reduction in A&E Admissions	£0.06m	£0.04m
Reduced Ambulance Use	£0.06m	£0.05m
Reduced length of stay in hospital	£0.04m	£0.001m
Patient / Family Cost Savings	£3.1m	£2.25m
Recruitment savings	£0.4m	£0.27m
Staff satisfaction	£4m	£2.7m
Carbon savings	£0.6m	£0.3m
Energy Savings	£15.3m	£7.6m
Distributional Effects	£8.6m	£6.4m
<b>Total</b>	<b>£51m*</b>	<b>£34m*</b>
<b>Economic Costs</b>		
	£19.88m	£23.86m
<b>Benefit Cost Ratio</b>	<b>2.57:1</b>	<b>1.42:1</b>

Table 25 - Benefit cost ratio

\*rounded numbers

In summary, the preferred option of a new nursing and residential care home at Penrhos is projected to generate £31m of Net Present Value and a BCR of 2.57:1. This compares to the do minimum option of £10m of Net Present Value and a BCR of 1.42:1

### 2.7.1 Non-Monetised Impacts

The relative scale of costs and benefits that are not easily monetised e.g., because no willingness to pay valuation or market price are readily available or it would not be proportionate to acquire them, should be quantified without prices where possible or described in detail. This process should be proportionate i.e., only where the benefits or costs are likely to be sizeable or could have a material impact on the final assessment of value for money.

The benefits assessment has estimated the quantitative impacts associated with a wide range of economic and social benefits. However, the benefits associated with the new nursing and residential care home at Penyberrth, Penrhos will extend beyond this. Examples include:

- Enhanced wellbeing associated with local residents being able to stay in the area for residential and nursing care, close to relatives
- Increased satisfaction from a safe, secure and co-located care environment which means less reliance on dependent care, reduced carer burden, reduced isolation and loneliness and less need to engage multiple separate services and having to repeat the same information.
- Increased satisfaction of families, friends and public from a safe, secure and co-located care environment
- Enhanced cultural heritage through delivery of services in Welsh
- Wellbeing benefits for carers and relatives
- Health benefits for carers – research by the Kings Fund and Nuffield Trust indicated that inadequate support affects carers' health: among those providing more than 50 hours a week of unpaid care, it comes at a cost that is equivalent to 18 fewer days a year in full health

- Increased local residential and nursing care will help existing unpaid carers, enabling them to live healthy, rewarding lives, to balance caring with other responsibilities.
- Economic benefits associated with carers who are able to work because of reduced caring responsibilities
- Potential to strengthen the local community by creating more jobs in care and related sectors

## 2.7.2 Value for Money Assessment

The analysis outlined above indicates that the value for money of the new nursing and residential care home at Penyberth, Penrhos would be considered High. The MHCLG Appraisal Guide indicates that a BCR of between 2 and 4 would be within the 'High' Value for Money category.

The value for money assessment is driven largely by benefits that are tightly linked to the project's strategic case around employment, health and wellbeing outcomes as well as carbon and energy savings.

## 2.8 Sensitivity Analysis

Sensitivity testing is undertaken to appraise how changes in parameters impacts, the Benefit-Cost Ratio and the Value for Money of the scheme. These are detailed below. They include:

- Optimism bias increase (30% OB)
- Lower QALY value applied (£20,000 QALY Value)
- Lower welfare value applied to new employment (20% of GVA)
- Low long run variable cost of energy supply rates applied
- Net operational savings included as a benefit

The table and chart below show the total discounted costs and benefits and benefit-cost ratio for the different scenarios after applying the sensitivities.

	Optimism bias increase	Lower QALY Value	Lower welfare value applied to new employment	Low long run variable cost of energy supply rates	Including Net Operational Savings
<b>Present Value of Cost</b>	20,846,680	19,884,525	19,884,525	19,884,525	19,884,525
<b>Present Value of Benefits</b>	51,006,119	50,206,063	46,663,529	37,646,343	72,745,861
<b>Benefit-Cost-Ratio</b>	2.45:1	2.52:1	2.35:1	1.89:1	3.66:1

Table 26 - Sensitivity Analysis

In all sensitivity tests, the BCR for remains at least 1.89:1.

In all except one case the BCR remains in the 'High' Value for Money Category. This shows the value for money assessment is most sensitive to the benefits associated with energy savings and this should be closely monitored as the project progresses to ensure these benefits are not put at risk

## 2.9 Switching Values

To aid decision makers, a switching value, that indicates how much an assumed level of input or outcome must change from the best estimate used in the analysis before an option switches between value for money categories can also be presented.

These values are helpful for presenting intuitively how plausible it is that a project will achieve a good outcome by highlighting a more concrete single scenario as a baseline to be exceeded in order to achieve value for money.

Switching values have been calculated to determine how a change in costs or benefits would affect the initial BCR and the associated Value for Money category. The tables below show the requirement needed to either scheme costs or benefits for the Value for Money **BCR** changes to a BCR of 1.5:1 and 1.0:1 respectively.

Factor	Altering BCR to 1.5:1
Benefits	Benefits would need to decrease by £21 million or 42%
Costs	Costs would need to increase by £14 million or 71%

Table 27 - Altering BCR to 1.5:1

If the costs remained the same, the benefits would need to decrease by 42% to lower the VfM to the lower bound. Alternatively, if the benefits remained the same, the costs would need to increase by 71% to obtain a 1.5:1 BCR.

Factor	Altering BCR to 1.0:1
Benefits	Benefits would need to decrease by £31 million or 61%
Costs	Costs would need to increase by £31 million or 156%

Table 28 - Altering BCR to 1.0:1

If the costs remained the same, the benefits would need to decrease by 61% to alter the VfM to obtain a 1.0:1 BCR. Alternatively, if the benefits stayed the same, the costs would need to increase by 156% to obtain a 1.0:1 BCR.

## 2.10 Conclusion of the Economic Case

The economic analysis confirms that the preferred option delivers the greatest value for money, offering the highest net benefits when assessed against the critical success factors and investment objectives. The options appraisal demonstrates that the chosen solution provides a proportionate balance of cost, risk, and benefit, with clear advantages over the alternatives. Sensitivity analysis confirms the robustness of the outcome under a range of scenarios. As such, the preferred option represents the most economically advantageous route forward.

# Commercial Case



## 3. Commercial Case

### 3.1 Introduction

This commercial case has been drafted to demonstrate that the preferred option identified in the Economic Case will result in a viable procurement and a well-structured deal. To provide a compelling argument the Commercial Case has been structured to demonstrate the following information:

Item:	Contents:	To demonstrate:
<b>Procurement Strategy and Route</b>	Choice of route and procurement undertaken	A regulatory compliant procurement has been undertaken; fair competition has been evidenced; and value has been obtained with the ability to realise benefits from the procurement.
<b>Key Contractual Arrangements</b>	Works and services sought for delivery of the scheme	The services and support are in place for successful delivery of the scheme.
<b>Risk Allocation</b>	Principles where risk falls between parties	Risk items have or will be placed with the party best placed to manage or mitigate.
<b>Arrangements with Stakeholders and Charging Mechanisms</b>	Agreements with stakeholders for the ongoing operation of the scheme	Robust agreements are in place for the future operation and maintenance of the scheme.
<b>Contractual Issues and Accountancy Treatment</b>	Contracts entered and how the scheme is accounted for	That commercial arrangements are in place and are being effectively managed.

Table 29 - Structure of the Commercial Case

### 3.2 Procurement Strategy and Route

When undertaking a procurement exercise it is primarily important to ensure regulatory compliance before assessing the available options. Cyngor Gwynedd must follow **Procurement Act (2024)** which is a comprehensive legal framework that governs the procurement of goods, services, and works by public sector bodies in England, Wales, and Northern Ireland. The regulations aim to ensure transparency, fairness, competition, and non-discrimination in public procurement. The **Procurement Act (2024)** is a significant reform of the UK's public procurement system, aimed at modernising and streamlining the process for acquiring goods, services, and works by public sector bodies. The following are the Act's key aims:

- **Value for Money:** Ensuring that public funds are spent efficiently and effectively
- **Transparency:** Enhancing openness and accountability in procurement processes
- **Simplification:** Creating a unified, simpler procurement regime by consolidating existing regulations
- **Competition:** Promoting fair competition and objective criteria in decision-making
- **Access for SMEs:** Improving access to public contracts for small and medium-sized enterprises (SMEs) and social enterprises
- **Social Value:** Encouraging procurement practices that drive social value and economic growth
- **Innovation:** Championing innovative solutions and approaches in procurement
- **Anti-Fraud Measures:** Strengthening measures to exclude suppliers involved in modern slavery and fraud

The Act aims to achieve these aims by enforcing:

- **Transparency:** Contracting authorities must ensure that procurement process is transparent i.e. all participants have access to same information and that processes are clearly defined. Publication of contract notices and awards in the Official Journal of the European Union (OJEU) is part of this transparency obligation.
- **Equal Treatment and Non-Discrimination:** All bidders must be treated equally, and no supplier should be discriminated against based on nationality. This principle ensures a level playing field for all potential suppliers.
- **Proportionality:** The measures and requirements imposed during the procurement process must be proportional to the objectives of the contract. This prevents excessive or unnecessary demands on suppliers.
- **Mutual Recognition:** Contracting authorities must recognise equivalent qualifications, certifications, and standards from other EU member states, fostering cross-border competition.

The regulation applies to contracts awarded by public sector bodies, including central and local government, public authorities, and other entities classified as "contracting authorities." The regulations define thresholds that determine when certain procurement processes must be followed. If the estimated contract value exceeds these thresholds, contracting authorities are required to adhere to the procedures outlined in the regulations. Different thresholds apply for supplies, services, and works. Thresholds came into effect from 1 January 2024 with works contracts having a threshold of £5,372,609. At £15.4m the works at Penrhos will exceed this threshold.

In addition to the Procurement Act (2024) the **Social Partnership and Public Procurement (Wales) Act 2023** introduces a framework to enhance public service delivery and well-being in Wales through socially responsible procurement, fair work, and collaborative partnerships. For Penrhos residential and nursing care home the implications of the Social Partnership and Public Procurement (Wales) Act 2023 are as follows:

- *Duty of socially responsible procurement:* Gwynedd Council is mandated to improve economic, social, environmental, and cultural well-being through procurement. This involves setting and publishing socially responsible procurement objectives aligned with the Well-being of Future Generations (Wales) Act 2015 goals.
- *Contract management duties for major construction contracts:* The Act requires specific contract management duties to ensure socially responsible outcomes throughout the supply chain. Gwynedd Council is required to enforce social public works clauses (e.g., fair wages, training, and environmental standards) in contracts.
- *Collaboration with social partners:* The Act establishes the Social Partnership Council (SPC) and imposes a duty on public bodies to consult with trade unions or worker representatives when setting well-being objectives and making strategic decisions.
- *Procurement strategy and reporting:* Public bodies must publish a procurement strategy and report on how procurement activities meet socially responsible objectives.
- *Fair work and supply chain management:* The Act emphasizes fair work (replacing "decent work" in the Well-being Act) and requires public bodies to promote fair employment practices in procurement.

The recent legislative developments of the Social Partnership and Public Procurement (Wales) Act 2023, place a renewed emphasis on transparency, value for money and advancement of socially responsible procurement in public sector activities. These reforms are designed to ensure that procurement not only delivers economic efficiency but also supports broader social environmental and community wellbeing objectives.

Against the legislative backdrop, the council must determine the most appropriate route to market for the Penrhos Scheme. Two primary options are available:

<p>1.</p> <p>Approach the open market as a standalone 'above threshold' procurement</p> <p>This involves assessing the procedures available and considering impact of new Procurement Act.</p>	<p>2.</p> <p>Utilise a readily available framework</p> <p>This involves undertaking an assessment of the frameworks available and their alignment to the needs and preferences of Penrhos.</p>
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Table 30 - Options for route to market

Each of these options has multiple sub-options and these have been assessed separately prior to judging the appropriateness of approaching the open market or using a framework.

### Approach to Open Market

Should the council peruse an open market procurement, the Procurement 2023 outlines six procedures that may be adopted. These procedures are summarised below and assessed for their relevance to Penrhos Scheme:

	Summary	Appropriateness:	RAG
<b>Open Procedure</b>	Under this procedure, any interested supplier may submit a tender. It is the simplest and most transparent method, as all qualified suppliers are invited to bid. Contracting authorities must evaluate all tenders received.	This procedure offers opportunity to the whole market as a single stage. Although this procedure is often used for works e.g. those proposed at Penrhos this procedure can be an administrative burden on the council as there is no control over the number and appropriateness of the tenders received.	<b>Appropriate</b>
<b>Restricted Procedure</b>	This is a two-stage process. In the first stage, suppliers submit expressions of interest, and the authority shortlists those that meet the selection criteria. Only shortlisted suppliers are invited to submit full tenders in the second stage.	<p>This procedure allows the council to undertake a qualification stage prior to the receipt of formal tenders. Use of the publicly available Crown Commercial Service (CCS) Selection Questionnaire as incorporated in the PAS:91 to check areas such as:</p> <ul style="list-style-type: none"> <li>- Past performance</li> <li>- Financial standing</li> <li>- Insurances</li> <li>- Criminality</li> <li>- Health and safety</li> <li>- Environmental performance</li> </ul> <p>This allows the Council to shortlist potential applicants prior to issuing the formal invitation to tender and reduce the potential administrative burden.</p>	<b>Appropriate</b>
<b>Competitive Dialogue</b>	Used for complex contracts, this procedure allows contracting authorities to engage in discussions with bidders before final tenders are submitted. It is suitable when the contracting authority is unable to define the technical means to satisfy its needs.	Both the Competitive dialogue and the Competitive Dialogue with Negotiation procedures are commonly used for works procurements. They are however used in circumstances where the contracting authority does not know what solution they are seeking to procure and are looking to the market to assist in this area. Gwynedd Council and BCUHB working with external advisors have a well-defined solution for the scheme and these procedures are not appropriate.	<b>Discounted</b>
<b>Competitive Procedure with Negotiation</b>	Like the competitive dialogue, this procedure allows negotiation on all aspects of the tender. It is used in more complex procurements where detailed solutions need to be developed through interaction between the authority and bidders.		

<b>Innovation Partnership</b>	This procedure encourages the development of innovative products, services, or works. The partnership allows for collaboration between the authority and suppliers to create new solutions and then implement them.	The (non) complexity of the Penrhos scheme does not require collaboration with multiple private sector partners.	<b>Discounted</b>
<b>Negotiated Procedure without Prior Publication</b>	This is used in exceptional circumstances, such as when no suitable bids are received under other procedures or in cases of urgency.	This procedure is used in exceptional circumstances where there has been market failure or critical time pressures, neither of which are applicable to the Penrhos scheme.	<b>Discounted</b>

Table 31 - Approach to Open Market

Of the procedures above only the two **Open Procedure** and **Restricted Procedure** are appropriate.

- 1. Open Procedure (also available under the Procurement Act):** The Open procedure remains available as the simplest approach to the market under the new Procurement Act and is not anticipated to fundamentally change.

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>The Open Procedure promotes transparency by allowing any interested party to bid, ensuring a fair process. All interested suppliers have equal access to the tender documents and evaluation criteria. <b>Benefit:</b> This ensures competition and mitigates the risk of favouritism or non-competitive behaviour, which is crucial in large works contracts.</li> <li>Since the procedure is open to all potential suppliers, it allows for a wide pool of bidders, which can lead to competitive pricing and innovative solutions. <b>Benefit:</b> Especially beneficial for public works contracts where a large number of capable contractors can <b>submit tenders</b>.</li> </ul>	<ul style="list-style-type: none"> <li>Since all suppliers can submit bids, authorities may receive a high number of tenders, leading to a time-consuming and costly evaluation process, particularly for large-scale works contracts.</li> <li>Open procedures may attract a large number of suppliers, including those with little experience in complex works projects, which could overwhelm less capable firms.</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>The Open Procedure promotes healthy competition by giving small and medium-sized enterprises (SMEs) the opportunity to compete alongside larger, established firms. <b>Benefit:</b> This can result in better value for money as well as the opportunity to support local or smaller firms with innovative construction approaches.</li> <li>This wider participation can bring about opportunities for contractors offering social value, such as commitments to sustainable practices or local job creation, particularly relevant in works contracts. <b>Benefit:</b> This aligns with broader public procurement goals like promoting social and environmental impact.</li> </ul>	<ul style="list-style-type: none"> <li>As all suppliers can submit bids, authorities may receive proposals from bidders lacking the necessary experience, qualifications, or financial stability for complex works contracts.</li> <li>If a high number of bids are received, the evaluation process can lead to significant delays in awarding the contract, potentially affecting project timelines.</li> <li>The Open Procedure's wide reach can increase the likelihood of unsuccessful bidders challenging the procurement process, especially if they feel their bids were not fairly evaluated.</li> </ul>

Table 32 - SWOT Analysis for open procedure

- 2. Restricted Procedure (replaced with Competitive Flexible Procedure under the Procurement Act):** The Restricted procedure will not be replicated in the new Procurement Act. This will be replaced by the "Competitive Flexible Procedure." While this procedure accommodates the principles of the

restricted procedure it does however allow the contracting authority to move away from some of the mandatory assessments and activities under the PCR. As this new procedure has not yet been confirmed or tested in the market the SWOT analysis below assumes that the more rigorous principles of the Restricted Procedure are retained.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>Allows contracting authority to pre-qualify suppliers, meaning that only those who meet the necessary criteria are invited to submit a full tender. <b>Benefit:</b> This reduces the number of full tenders to evaluate, making the process more efficient</li> <li>Only pre-selected suppliers can submit bids; this procedure typically attracts more experienced and capable contractors. <b>Benefit:</b> applicants with the relevant expertise, financial stability, and technical capabilities are considered, reducing the risk of underqualified bidders.</li> <li>Minimises the risk of receiving frivolous bids or complaints from unsuitable suppliers. <b>Benefit:</b> increases confidence in the fairness of the process and reduces the likelihood of legal disputes.</li> </ul>	<ul style="list-style-type: none"> <li>The two-stage nature of the Restricted Procedure (pre-qualification followed by the tendering stage) can be time-consuming.</li> <li>Number of bidders is restricted after the pre-qualification stage; there is a risk that some competent suppliers are excluded from the tendering process</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>Allows contracting authorities to focus on suppliers who meet specific technical and financial criteria, ensuring that only those with relevant expertise are invited to tender. <b>Benefit:</b> helps authorities narrow down the field to highly qualified suppliers.</li> <li>The Council can use the pre-qualification process to assess not only financial and technical qualifications but also the social value credentials of potential suppliers (e.g., sustainability, local job creation). <b>Benefit:</b> aligns with broader public procurement goals and allows authorities to ensure social and environmental factors are built into consideration such as the requirements of the Social Partnership and Public Procurement (Wales) Act 2023.</li> </ul>	<ul style="list-style-type: none"> <li>Pre-qualification criteria might favour larger, established firms with extensive portfolios, potentially excluding smaller or innovative suppliers who could deliver value.</li> <li>There is a risk that the pre-qualification process might be too rigid, either being too lenient or too restrictive in terms of criteria.</li> </ul>

Table 33 - SWOT Analysis for restricted procedure

The evaluations and SWOT analysis above point towards the preference and appropriateness of an open market procurement via either the Restricted Procedure or Competitive Flexible Procedure (following the new Procurement Act). In summary, this is because both these procedures encourage a balanced judgement which also:

- Reduces the administrative burden on project teams that may have limited capacity or that may be juggling multiple, competing priorities
- Protects from engaging with inappropriate contractors e.g. those with financial standing, insurances, competency issues.

## Framework Procurement (Utilise readily available framework)

The use of a framework can enable quicker access to the market with prequalified contractors. However, this can be limiting to contracting authorities as this means they must operate within the boundaries of a 'pre-agreed' Framework Agreement. To identify the most appropriate framework the following process has been undertaken:

1. Identify the needs of the scheme and the preferences/competencies of the council
2. Identify the frameworks available for the scheme in relation to the scope, value and location
3. Align the needs of the council with the available frameworks to identify those which provide the best fit

## The Needs of the Council

The council delivers capital projects using directly employed staff that assume only a client-side project manager role with all other responsibilities assumed by an appointed professional team. This offers a greater level of flexibility in terms of the frameworks that can be used. There are however three absolutes which the chosen framework will need to provide:

- a) Utilises or has the option to utilise the Joint Contracts Tribunal (JCT) form of contract for which there is a greater understanding within the council while the New Engineering Contract (NEC) form is commonly avoided.
- b) The ability to appoint a contractor under a two-stage competition with early contractor involvement.
- c) Maximisation of social value and local investment.

## Framework analysis of available frameworks:

In addition to open market procurement the council has the option to utilise a number of pre-established procurement frameworks that are designed to streamline delivery, reduce administrative burden, and ensure compliance with the public procurement law. These frameworks vary in scope, governance and procurement approach, and each offers different benefits in terms of access to suppliers, cost control and contractual flexibility.



Framework	Expiry Date	Owner of Framework	Levy Charge	Types of work	Form of delivery Contract	Contractors	Competition
<b>CCS Construction Framework</b>	2026	CCS, a UK government agency	0.5-1%	Public sector construction, including civil engineering, refurbishment, new builds, infrastructure, schools, healthcare and defence projects.	JCT and NEC	Balfour Beatty, Kier, Morgan Sindall, Skanska.	Direct award and Mini Competitions
<b>Fusion21 Framework</b>	Varies by framework but typically runs for 4-5 years.	Fusion21, a social enterprise that delivers procurement frameworks for the public sector.	1%	Construction, refurbishment, maintenance, and energy efficiency projects across sectors e.g. housing, education, healthcare and public spaces.	JCT and NEC	National contractors like Wates, BAM, Morgan Sindall, along with regional contractors.	Direct award and mini competition (Dependent on project)
<b>NHS Building for Wales Framework</b>	Ongoing	NHS Wales Shared Services Partnership.	Contact Directly	Major capital projects exceeding £4m focused on healthcare infrastructure such as hospitals, clinics, and related facilities.	NEC contracts	Specific contractors are selected depending on the tender, often favouring those with healthcare infrastructure expertise.	Mini-competitions
<b>NHS Shared Business Services (NHS SBS) Framework</b>	Typically runs for 4 years, with current phase ending in 2026.	NHS SBS, jointly owned by the Department of Health and Sopra Steria.	0.5-2%	Primarily for healthcare construction, including hospitals, clinics and medical facilities, but also extends to general public sector buildings.	Primarily NEC, but JCT is also used for certain projects.	Includes major healthcare contractors like Balfour Beatty, Interserve and Sir Robert McAlpine.	Direct award and mini-competitions (Dependent on project)
<b>North Wales Construction Partnership (NWCP)</b>	2028	Denbighshire County Council, on behalf of six North Wales authorities.	No charge. CG pay an annual fee to maintain the framework.	The framework covers public sector projects, schools, community buildings, healthcare and infrastructure projects.	Both JCT and NEC	Kier Construction, Willmott Dixon Construction, Galliford Try Building Ltd, C Wynne & Sons Ltd (Wynne Construction), T G Williams Builders Ltd, MPH Construction Ltd, Garnett-Hughes Developments Ltd, NWPS Construction Ltd, R L Davies & Son Ltd, WRW Construction Ltd, Williams Homes Bala Ltd, Gareth Morris Construction Ltd.	Both direct awards and mini competitions
<b>Pagabo Major Works Framework</b>	2025	Pagabo, a procurement specialist.	0.5-1% is charged for using the framework.	Major construction projects including schools, housing, healthcare, and infrastructure.	JCT and NEC	BAM, Willmott Dixon, Morgan Sindall, Kier, and regional contractors.	Direct award and mini competitions
<b>Procure Framework</b>	2026	Procure Partnerships, UK based Framework Provider	0.5-2%	Includes both new builds and refurbishments across sectors such as education, healthcare, and civil infrastructure.	JCT and NEC	National and regional contractors including ISG, Galliford Try, and Wates.	Direct award and mini competition (Dependent on project)
<b>Scape Procure Wales &amp; North Wales Framework</b>	Varies depends on the specific framework used under Scape (typically 4-year terms)	Scape Group, a public sector-owned built environment specialist.	0.5-1% charged for using Scape frameworks.	Covers infrastructure, civil engineering, housing, and public sector developments.	NEC	Kier, Willmott Dixon, Morgan Sindall.	Direct award or mini competition
<b>SEWSCAP Framework (South East &amp; Mid Wales Collaborative Construction Framework)</b>	2028	Local Authorities across South East and Mid Wales.	Contact Directly	This framework is focused on schools and other public buildings, ranging from new builds to refurbishments.	Both JCT and NEC	Morgan Sindall, BAM, Willmott Dixon, and Kier as well as smaller regional contractors.	Mini - competitions
<b>WPA (Welsh Procurement Alliance) Public sector Frameworks</b>	Dependent on the Framework may be active from 2020-2024, with extensions possible	The WPA is part of the LHC Group, a not-for-profit	1-2%	The WPA frameworks are established for a wide range of public sector construction needs including New build housing, retrofit and refurbishment, education facilities, healthcare building, civil engineering projects.	JCT and NEC	Mix of national and regional contractors ensuring a competitive selection for different project types.	Direct award and mini competition (Dependent on project)

Framework	Expiry Date	Owner of Framework	Levy Charge	Types of work	Form of delivery Contract	Contractors	Competition
<b>YORbuild3 Framework</b>	The current phase is set to run until 2026 with options for extension	Managed by the East Riding of Yorkshire Council and used across the Yorkshire and Humber region, with allowances for use by Welsh authorities.	1-2% of the project value	Used for new builds, refurbishments and civil engineering projects across public sector works.	Supports both JCT and NEC contracts.	Major Contractors, like BAM, Morgan Sindall and Willmott Dixon.	Mini- competitions

Table 34 - Framework Analysis

## Assessment of Available Frameworks

Framework	Alignment with Council Needs	Status
CCS Construction Framework	Broad procurement framework, not specifically tailored to CG priorities for local economic growth and community-focused projects.	Active but lacks regional and local focus. More suited to larger projects.
Fusion21 Framework	Provides social value and UK wide benefits but lacks focus on regional collaboration and local supply chains in Gwynedd.	Active but too broad for specific regional needs.
NHS Building for Wales Framework	Primarily for healthcare facilities, such as hospitals, but not a comprehensive framework for broader infrastructure projects in Gwynedd.	Active however does not allow the use of JCT.
NHS Shared Business Services (NHS SBS) Framework	Designed mainly for healthcare infrastructure, limiting its use for CG's broader public sector needs.	Active however JCT form of contract cannot be used.
North Wales Construction Partnership (NWCP)	Designed specifically for North Wales councils, including Gwynedd. Prioritises local economic benefits, regional collaboration and sustainability making it ideal for large scale community projects. Offers cost-sharing, which helps deliver project on budget and enhances collaboration across councils.	Active, aligns with regional focus and cost effective.
Pagabo Major Works Framework	Suitable for large-scale construction but lacks regional focus or alignment with Gwynedd's local supply chain and community priorities.	Active but lacks regional and local alignment.
Procure Framework	Covers a broad range of public sector needs but is too general to address the specific priorities of CG.	Active but potentially high levy.
Scape Procure Wales & North Wales Framework	Provides good coverage for Wales, but NWCP offers better alignment with Gwynedd's regional and local supply chain needs.	Active but does not offer the option for mini-competition.
SEWSCAP Framework (South East & Mid Wales Collaborative Construction Framework)	Focused on South and Mid Wales, making it less relevant for Gwynedd's regional needs.	Active but geographically irrelevant.
WPA (Welsh Procurement Alliance) Public sector Frameworks	Offers wide procurement services but lacks a specific focus on Gwynedd's regional needs and priorities.	Active but potentially high levy.
YORbuild 3 Framework	A strong general framework, but more focused on Yorkshire and Humber regions, making it less relevant to CG's specific needs.	Active but geographically irrelevant.

Table 35 - Assessment of available frameworks

Of the frameworks assessed the North Wales Construction Partnership (NWCP), Procure Framework, and Welsh Procurement Alliance (WPA) are the most aligned with the needs of the Council. In consultation with members of Cyngor Gwynedd project team, on the balance of judgement, the **North Wales Construction Partnership** is seen as the most suitable of the frameworks available. Although all the shortlisted frameworks can meet the Council's needs, NWCP is established, managed by Denbighshire County Council which neighbours Gwynedd, and allows a focus on local investment and creating in-region social value.

### North Wales Construction Partnership (NWCP)

The NWCP is a collaborative procurement framework designed to facilitate the delivery of large-scale construction projects across North Wales. As stated, it is managed by Denbighshire County Council on behalf of six North Wales local authorities. The framework provides access to pre-approved contractors for a range of public sector construction projects, including schools, healthcare facilities, and community buildings. The framework aims to support regional economic growth, maximise local supply chain engagement, and deliver community benefits. The current framework is valid until 2028 and employs both JCT and NEC contract types. The NWCP was established to deliver value for money and the benefits associated with a long-term collaborative relationship. The framework will be used to deliver a range of major projects across North Wales

with a combined value of up to £600 million and will include new school buildings, other public sector projects and social housing.

### **The Community Benefits/Social Value focus of the NWCP**

The NWCP is not just about bricks and mortar. It aims to create a lasting positive impact alongside new buildings and infrastructure. The North Wales Construction Partnership has developed strong collaborative working processes with clients, contractors, employment support providers and voluntary organisations/social enterprises to address a number of Future Generations themes including a more prosperous Wales, a more equal Wales, cohesive communities and vibrant Welsh culture. By focusing on benefits to the local community, the NWCP goes beyond construction projects. With an increased focus on the delivery of social, economic, environmental and cultural well-being through the way in which the Public Sector manages its procurement activities. NWCP strengthens social partnership through the Wellbeing of Future Generations Act (Wales) 2015 goals as well as delivering against its goals. The NWCP Team manages a variety of Key Performance Indicators (KPI) to ensure that Contractors on the Framework meet the appropriate standards.

Delivering Community Benefits/Social Value is pivotal to NWCP, with a view to unlocking wider economic, social, environmental and cultural impacts as expected via the [Social Partnership and Public Procurement \(Wales\) Act](#). This means that all projects procured through NWCP should include Community Benefits/Social Value, and other KPI's. The NWCP's social value focus aligns perfectly with the Welsh Government's Well-being of Future Generations Act. This groundbreaking legislation compels public bodies to consider the long-term social, environmental, cultural, and economic impacts of their decisions. By prioritising social value, the NWCP ensures construction projects contribute to a healthier, more equitable, and resilient North Wales for generations to come.

NWCP encourages and supports workforce development at all levels to include contractors, clients, supply chain and the local community, this enables us to make a difference in the communities and deliver best value. As such NWCP have partnered with National Association Construction Frameworks, Supply Chain School, and CITB.

NWCP is committed to socially responsible procurement, and it is expected that buyers and contractors on the Framework will deliver social, economic, environmental and cultural benefits whilst delivering maximum value for money for the Welsh pound. The Framework was established to deliver value for money and the benefits associated with a long-term collaborative relationship. The Partnership and stakeholders work in a collaborative, open manner to maximise the positive impact of the investment to local communities, through the delivery of Community Benefits and Social Value in alignment with the Wellbeing of Future Generations Act (Wales).

It has been built on an ethos of openness, transparency and flexibility achieved by continuous communication and engagement with stakeholders.

The areas covered include:

- Denbighshire County Council
- Conwy County Borough Council
- Flintshire County Council
- Cyngor Gwynedd
- Wrexham County Borough Council
- Isle of Anglesey County Council

As well as the Six-North Wales authorities, the Framework can also be accessed by other public sector bodies across the region. The Framework is structured under seven Lots, which have been divided by reference to the estimated value of the Projects, starting from £250k. Given the total cost of Penrhos is over £15m it places it in Lot 5 which includes new build, extensions and refurbishment under traditional or design and build with all associated works.

## Lots and Value Boundaries

The NWCP framework is divided into Lots, each with specific value ranges that determine which contractors can be considered for projects based on their size and complexity:

Lots:	Value Boundaries
Lot 1	£250,000 to £1,999,999
Lot 2	£2,000,000 to £4,999,999
Lot 3	£5,000,000 to £9,999,999
Lot 4	£10,000,000 to £14,999,999
Lot 5	£15,000,000+
Lot 6H	Social housing projects up to 10 units
Lot 7H	Social housing projects over 10 units

Table 36 - Lots and value boundaries

For a project valued at over £15m, Lot 5 is the relevant category for this scheme given the construction costs of £15.4m.

### Contractors in Lot 5

The approved contractors for Lot 5 under the NWCP framework are:

- Kier Construction Ltd
- Wynne Construction (C Wynne & Sons Ltd)
- Galliford Try
- Morgan Sindall
- Read Construction Holdings Ltd

These contractors are able to deliver large-scale projects in the public sector, and their involvement ensures that the project is managed by companies with a strong regional presence as well as experience with high-value contracts.

### Procurement Routes: Mini-Competition and Direct Award

The NWCP framework supports two main procurement methods: Mini-Competition and Direct Award.

#### Mini-Competition:

- **Process:** A mini competition involves inviting several contractors from the appropriate Lot to submit bids for the project. The selection criteria may include factors such as cost, quality, experience, social value contributions and sustainability commitments.
- **Mechanisms:** The framework client will issue an Invitation to Tender (ITT) to the contractors in Lot 5. Contractors then submit their bids, and the client evaluates each proposal based on predetermined criteria. A scoring matrix is often used to ensure a balanced approach, considering price and non-price factors.

#### Direct awards:

- **Process:** A direct award is a non-competitive process where a contractor is appointed directly without inviting other bids. This is permissible under the NWCP framework if certain conditions are met.
- **Mechanisms:** Direct award may include project urgency, specialised requirements, or previous successful performance by a contractor. The client must provide a rationale for bypassing the competitive process, ensuring compliance with procurement rules.

## Lot 5 Contractor Summaries

Contractor:	Summary (self-declared):	Specialisations:
	<p>Kier Construction is one of the UK's leading construction companies, providing services across various sectors, including education, healthcare, infrastructure, and commercial developments. They have a strong track record in delivering large public sector projects with a focus on sustainability and social value. Their approach involves using local supply chains and investing in skills development within the communities they operate in.</p> <p><i>'We are a leading provider of infrastructure services, Construction and property developments. We are committed to delivering for communities and leaving lasting legacies through our work.'</i></p>	<p>Schools, hospitals and infrastructure projects.</p>
	<p>Wynne Construction is a regional contractor based in North Wales, known for delivering high-quality public-sector projects, including educational facilities, healthcare buildings, and community centres. Their work emphasises collaboration with local suppliers and delivering community benefits through training and employment.</p> <p><i>'Wynne Construction provides high quality innovative solutions on a partnering, design and build and traditional basis for projects in the public and private sector'</i></p>	<p>Public sector construction with emphasis on social value.</p>
	<p>Galliford Try is a leading UK construction company, recognised for its work in building and infrastructure projects across various sectors, such as education, housing and healthcare. The company is committed to sustainable construction practices and delivering long-term value for its clients and communities.</p> <p><i>'We are a people- orientated, progressive business, driven by our values to deliver lasting change for our stakeholders and the communities we work in.'</i></p>	<p>Large infrastructure projects and sustainable construction.</p>
	<p>Morgan Sindall operates in the UK construction and regeneration market, with a focus on sectors like education, healthcare, commercial, and infrastructure. They are known for innovation in construction, sustainability, and delivering social value through local community engagement and workforce development.</p> <p><i>'We are a group of specialist businesses delivering housing and mixed-use partnership schemes, fit out and construction services across the UK for the public, commercial and regulated sectors.'</i></p>	<p>Complex large-scale public-sector projects.</p>
	<p>Read Construction is a North Wales-based contractor with a strong reputation for delivering high-quality public and commercial projects. They specialize in educational buildings, healthcare facilities, and other community-focused infrastructure. Their approach includes local supply chain engagement and delivering community benefits.</p> <p><i>'The preferred partner for all construction activity". Our management team deliver excellence in every aspect of the organisation, with the mission "to impart exemplar customer service in delivering sustainable, best value services whilst exuding integrity and traditional family values'</i></p>	<p>Public sector projects with a focus on social value and sustainability.</p>

Table 37 - Lot 5 contractor summaries



## Most advantageous Route to Market (Open Market vs Framework)

The table below sets out the differences between the two options in the context of five key areas.

Area:	Open Market:	Framework:
	<b>Competitive Flexible Procedure (designed similar to the current RP).</b>	<b>Based on NWCP Lot 5.</b>
<b>Programme and timely delivery</b>	Expected to add a minimum of 3 months to the pre-contract programme developing tender documents, <u>undertaking an SQ stage</u> and additional evaluations.	Considerably faster in allowing the Council to engage with the market. All applicants are pre-qualified. Less time taken in developing requirements for social value KPIs as these are available through the FA.
<b>Associated costs</b>	Greater internal staff and professional services costs associated with document production, project management and additional evaluation/ applicant due diligence.	No access charge to the framework
<b>Council staff resource</b>	Considerably higher commitment associated with a bespoke 2-stage process	Considerably less as the Council can lean on the framework agreement for KPIs headline terms and no need for pre-qualification.
<b>Control</b>	Greater level of control is possible as all contractual terms can be established by the Council.	The Council is bound by the terms of the FA. However, they have used this FA before and are comfortable with its contents.
<b>Risk management</b>	Each option allows multiple contract forms and D&B/traditional approaches.	Each options allow multiple contract forms and D&B/ traditional approaches.

Table 38 - Differences between the two options in the context of five key areas

Based on the evaluation above, the use of the established North Wales Construction Partnership (Lot 5) framework agreement is seen as most suitable. Although it is not the only reason, the main differentiator is the resource requirement of Council staff. The Council only have limited staff available for delivery of the scheme and the use of an established framework such as NWCP allows a manageable internal resource commitment whilst meeting the Council's needs.

## 3.3 Key Contractual Arrangements

To define the professional team required for works, a decision needs to be made for which parties will be undertaking the design activities and the associated coordination. There are two main options available:

- 1. Design and Build:** Under this arrangement a works contractor will be appointed under a Pre-Construction Services Agreement (PCSA) or like take responsibility for all design aspects including appointing a design team.
- 2. Traditional:** Under this arrangement the Council will directly appoint a consultant or consultants to directly undertake all design aspects.

The table below sets out the relative advantages and disadvantages of each approach:

<b>Design and Build</b>	
Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Single point of responsibility</li> <li>• Can offer faster project delivery, subject to the procurement approach</li> <li>• Greater collaboration between designers, contractors and their suppliers leading to greater innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Limited client control over the design process</li> <li>• Potential for quality concerns</li> <li>• Limited choice of the professional team</li> <li>• Fees can be subject to additional overheads</li> </ul>
<b>Traditional</b>	
Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Greater control over the design process</li> <li>• Provides competition based on a developed design</li> <li>• Offers a greater level of certainty</li> </ul>	<ul style="list-style-type: none"> <li>• The sequential nature of the process can lead to longer programmes when considering all stages</li> <li>• Increased risk of disputes between designers and contractors</li> </ul>

*Table 39 - Advantages and disadvantages of design and build*

In line with the Social Partnership and Public Procurement (Wales) Act 2023, the traditional procurement route provides greater opportunity for Cyngor Gwynedd to maintain detailed control over the design phase. This enables the Council to embed specific well-being objectives and social value outcomes- such as local employment, skills development, and community benefits- into the early stages of project development and carry them through into the contract management.

The North Wales Construction partnership (NWCP) traditional route allows the Council to incorporate and enforce social public works clauses within contracts, covering areas such as fair wages, local training schemes, and environmental performance standards. This approach supports a more accountable and transparent delivery process, enabling public sector clients to monitor and manage contractor performance throughout both the design and construction phases.

As part of compliance with Act, evidence of engagement with social partners (e.g. trade unions, local SMEs and training providers) will be required to demonstrate that the procurement route has been selected in support of fair work and sustainable development principles. This may include justification related to job security, supply chain resilience, and opportunities for community benefit.

The traditional route's phased approach which separates design and construction offers a longer lead-in period for embedding and refining social value clauses. This allows for more deliberate integration of local subcontractors and suppliers who are aligned with fair work and practices and community priorities.

The NWCP framework accommodates both traditional and D&B routes. For this scheme, the traditional route has been selected due to the complexity and community-oriented focus of the project. This decision enables the early mobilisation of a professional design team, providing the Council with comprehensive oversight during design development and facilitating the delivery of robust social outcomes in line with statutory obligations and local strategic priorities.

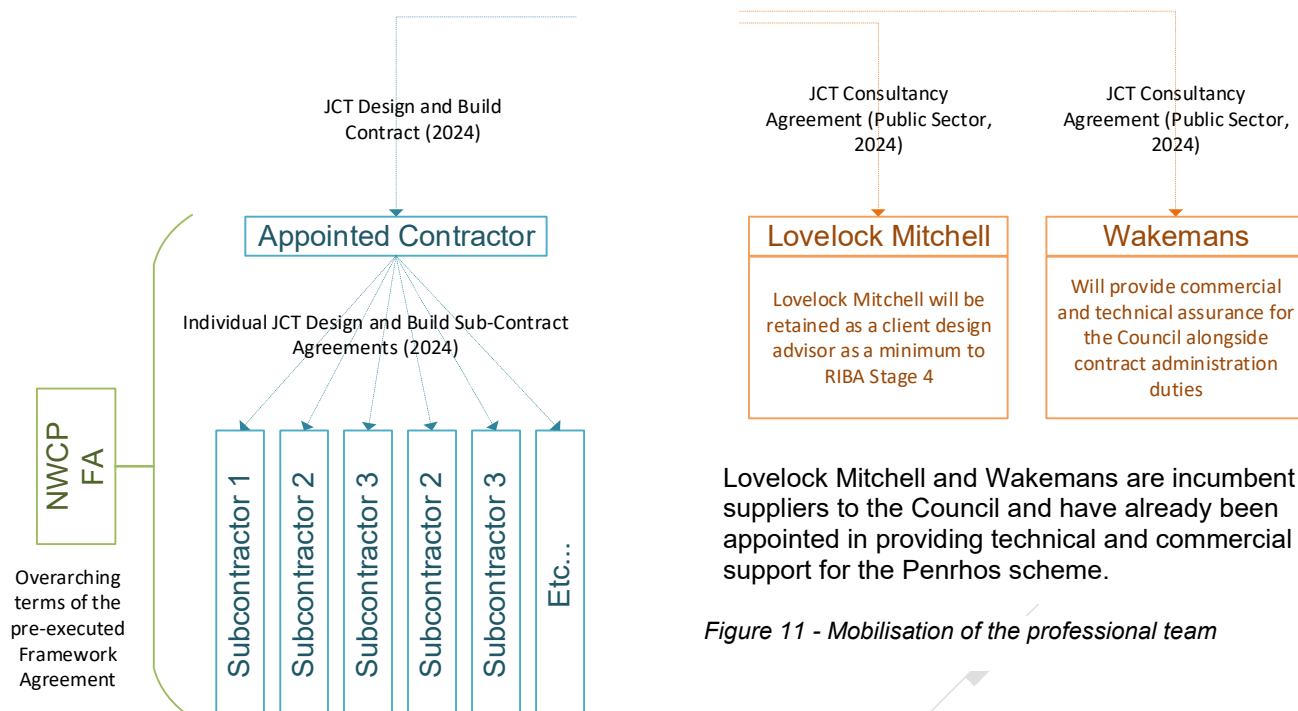


Figure 11 - Mobilisation of the professional team

## Facilities Management

Facilities management enables the physical use of assets from the time of handover and throughout the asset lifecycle. This encompasses a wide range of responsibilities from physical repairs to cleaning and security. In its broadest sense facilities management can be split into three areas:

- **Hard Facilities Management:** Cyclical repair and ongoing maintenance to ensure the asset remains functional as per built specification.
- **Soft Facilities Management:** Cleaning and provision of consumables sometimes including catering provisions.
- **Utilities and Waste:** Contracts for utilities including connectivity and arrangements for waste management including specialist disposal services.

The arrangements for facilities management are open to change as the needs of the occupants change in the future, at the time of writing and upon handover the arrangements for Penrhos are as shown in Table 42 below.

Item	Council
<b>Hard FM</b>	
Inspections	Full
Building Maintenance	Full
Systems Maintenance	Full
External Areas Maintenance	Full
Internal Fabric Maintenance	All non-leased
<b>Soft FM</b>	
Cleaning	All non-leased
Consumables	All non-leased
Security	Full
<b>Utilities &amp; WM</b>	
Energy Managements	Full
Electric	Full

Gas	Full
Water	Full
Waste	Full

Table 40 - Arrangements for facilities management

The Council will be undertaking Facilities Management in house as an extension of current capabilities utilising directly employed staff and specific service contracts for ongoing maintenance of the facility. It is not anticipated that a contract will be let for a facilities Management service provider.

It should be noted that there is currently a Partnership Agreement between the Health Board and the Council for the delivery and ongoing running of the new facility. This partnership agreement will be in line with the table above.

### 3.4 Risk Allocation

Risk allocation will not be completely confirmed until the point that contractor negotiations have been concluded. As per the commercial principles discussed above the principal client will be Cyngor Gwynedd. Considering the traditional approach taken under the JCT form of contract it is planned that risks will be allocated as follows (and in line with the Institute of Risk Management principles requiring risks to be allocated to the party best placed to mitigate):

Risk Category	Potential Allocation ( <i>P</i> =Public; <i>Pr</i> =Private; <i>S</i> =Shared)	
1. Design and design coordination	<i>Private</i>	Under the traditional route the council retains responsibility for design development and coordination, including navigating planning and ensuring design quality.
2. Construction/ Development	<i>Private</i>	The contractor will be responsible for all works on site and the performance of a sub-contracting organisations.
3. Transition and implementation	<i>Shared</i>	Successful commissioning and handover require joint effort between the contractor (e.g. soft landings) and the council/ Health Board to ensure operational readiness. The contractor will be responsible for providing a soft landings approach however the success of this will also be dependent on meaningful interactions with the Council and Health Board.
4. Availability and performance	<i>Public</i>	Following completion, ongoing availability and performance risks transfer to the council and Health Board as they assume full control of the asset. Upon completion the success of the operational facility will sit with the Council and Health Board. There are to be no ongoing services provided by the contractor beyond any rectification of defects.
5. Operating	<i>Public</i>	The Council and Health Board are solely responsible for the ongoing operation of the new facility.
6. Service Modernisation	<i>Public</i>	Any changes to models of care and service delivery must be managed by the public sector in accordance with the partnership agreement and strategic planning. Risks associated with changes to the delivery of care will have to be managed by the Council and health board with the Heads of Terms/ Partnership agreement allowing flexibility to negotiate for potential changes in models of care.
7. Variability of revenue	<i>Public</i>	Financial risks relating to operational revenue remain with the council and Health Board and are governed by the inter-agency partnership agreement. Shared between the public sector organisations subject to the terms of the partnership agreement.
8. Legislative/ regulatory	<i>Shared</i>	Both parties may be affected by changes to legislation or regulatory frameworks. However, the impact will vary across the project phases and roles. This risk remains through both the pre-construction, construction and operational stages. Legislative changes will expose both the public and private sector however with differing impacts.

Table 41 - Risk allocation

## 3.5 Personnel Implications

Based upon the current proposals no TUPE transfers are envisaged. The Council and Health Board will require staff to deliver services from facilities on site. There may be some redesign to working arrangements and potentially some existing team structures may need to be modified to enable modernised service structures to be introduced.

Any changes would be made in line with Stakeholder Organisation Change Policies, with the appropriate staff consultation process, required training and other support to ensure that all staff affected are enabled to work within revised arrangements. Where appropriate union consultations will take place in a timely manner.

## 3.6 Contractual Issues

The Council have entered the following contracts:

### Works

<b>Purpose:</b>	Construction of the new facility including any enabling works
<b>Contracted with:</b>	To be confirmed and subject to a procurement exercise
<b>Form of contract:</b>	JCT Building Contract with Quantities (2024)
<b>Contract duration:</b>	18 months (circa)
<b>Payment mechanism:</b>	Monthly in arrears in line with the terms of the JCT contract
<b>Council's roles:</b>	Contract administration including PMIs and certifying payments. Attendance at anticipated monthly progress meetings
<b>Allocation of risk:</b>	It is not expected that any additional specific provisions will be required

Table 42 - Works contract

### Professional Services

<b>Purpose:</b>	Design services (all disciplines)
<b>Contracted with:</b>	Cyngor Gwynedd
<b>Form of contract:</b>	JCT Consultancy Agreement (Public Sector, 2024 edition)
<b>Contract duration:</b>	36 months (circa)
<b>Payment mechanism:</b>	Monthly in arrears in line with the terms of the PCSA
<b>Council's roles:</b>	Engagement with the design process, providing timely and constructive feedback and general contract administration activities
<b>Allocation of risk:</b>	It is not expected that any additional specific provisions will be required

Table 43 - Cyngor Gwynedd professional services contract

<b>Purpose:</b>	Cost management
<b>Contracted with:</b>	Wakemans
<b>Form of contract:</b>	JCT Consultancy Agreement (Public Sector, 2024 edition)
<b>Contract duration:</b>	24 months (circa)
<b>Payment mechanism:</b>	Monthly in arrears in line with the terms of the Consultancy Agreement
<b>Council's roles:</b>	Administration of the agreement only
<b>Allocation of risk:</b>	It is not expected that any additional specific provisions will be required

Table 44 - Wakemans professional services contract

<b>Purpose:</b>	Providing initial concept design followed by full design and contract administration
<b>Contracted with:</b>	Lovelock Mitchell
<b>Form of contract:</b>	JCT Consultancy Agreement (Public Sector, 2024 edition)
<b>Contract duration:</b>	36 months (circa)
<b>Payment mechanism:</b>	Monthly in arrears in line with the terms of the Consultancy Agreement
<b>Council's roles:</b>	Administration of the agreement only
<b>Allocation of risk:</b>	It is not expected that any additional specific provisions will be required

Table 45 - Lovelock Mitchell professional services contract

## 3.7 Accountancy Treatment

All accounting will be undertaken on an accrual basis. Cyngor Gwynedd will take the lead on the project and is responsible for management of the capital investment. There is no intention to create any new legal entities as part of this scheme.

## 3.8 Project Bank Account

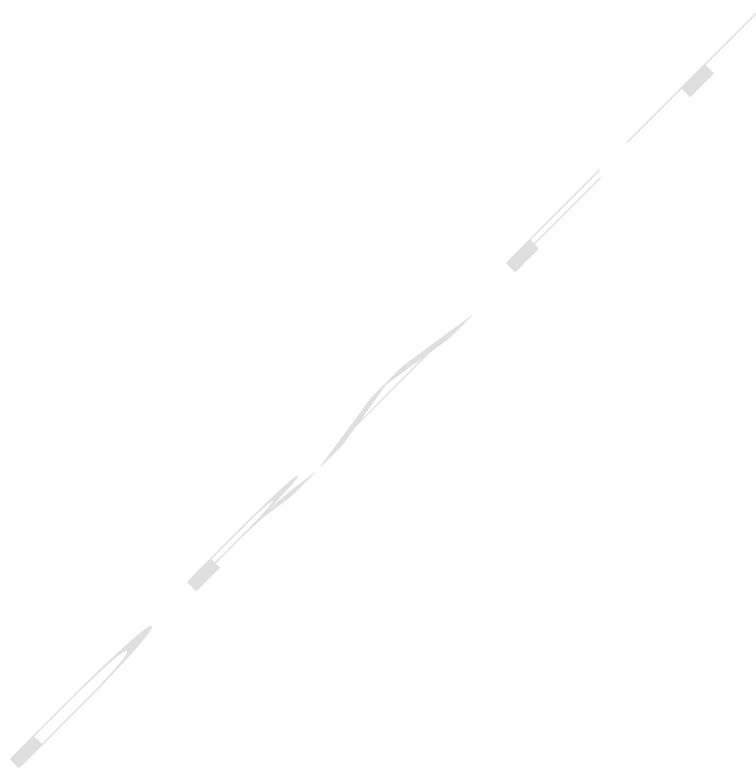
We will establish a Project Bank Account (PBA) in accordance with the [Welsh Government guidance](#) for construction and infrastructure projects and any other appropriate contracts valued at £2m or more which are fully, part or Grant funded by Welsh Government require a Project Bank Account to be set up.

## 3.9 Conclusion of the Commercial Case

The preferred commercial approach outlined in this business case demonstrates a viable and competitive route to market that aligns with procurement regulations and delivers value for money. The proposed strategy ensures market engagement, encourages supplier innovation, and mitigates key commercial risks. Through early market testing and appropriate contractual arrangements, the project is well-positioned to secure capable delivery partners while maintaining flexibility and control. Overall, the commercial case supports a robust procurement framework that underpins successful project delivery.



# Financial Case



## 4. Financial Case

This section sets out the financial implications of the preferred option (as set out in the Economic Case) and the proposed deal (as described in the Commercial Case). This Financial Case has been produced to demonstrate that the scheme is both affordable and fundable and has the collective support of partner organisations. To provide a compelling argument, the Financial Case is structured to demonstrate the following information:

Item	Contents	To demonstrate that ...
<b>Capital requirements</b>	Capital requirements	Capital costs are known with a high level of certainty
<b>Funding approach</b>	Delivery funding stream Operation funding stream	Capital and revenue costs for the scheme can be met by the funding available
<b>External bed purchase</b>	Private purchase price Penrhos Income price	Penrhos has viable pricing
<b>Revenue requirements</b>	Revenue requirements	Revenue costs are known with a high level of certainty
<b>Revenue account impact</b>	Revenue account impact to cover upfront capital costs	The overall revenue account position remains healthy and that there will be no negative financial impact to the public individually and collectively
<b>Confirmation of support</b>	Funding mechanism Partner contribution	All partner organisations are financially committed to the success of the scheme
<b>Sensitivity analysis</b>	Sensitivity testing	Changes in operating costs and income do not pose a threat to the overall position

Table 46 - Structure of the financial case

To appraise the preferred option on a financial basis, a financial model has been developed in which forecasted income and expenditure is input on a cashflow basis, with the new build care home appraised over a 30-year period.

The modelling inputs are provided from different sources, including the Council and its external advisors, such as Wakemans cost consultants and Lovelock Mitchell architects.

In addition to the modelling inputs provided, several modelling assumptions have been agreed with the Council, and can be summarised as follows:

- **Income and Costs:** Operating income and costs provided are in present day terms and inflated consistently across the model.
- **Inflation:** Inflation is included at a constant rate of 2.5% across the cashflow.
- **Discounting:** In line with Green Book guidance, costs and income are discounted at 3.5% for the 10-year investment period (6.09% inclusive of inflation).
- **VAT:** VAT is excluded from the model on assumption that it falls within Council's exemption allowance.
- **Bed demand:** there is an implicit assumption that there is Council demand that translates to 92% occupancy across nursing and residential beds. 92% occupancy provides an income and expenditure surplus while any lower occupancy creates a deficit. This is demonstrated in analysis in Appendix F.
- **Programme timings** – across the 30-month programme period (March 2027 to September 2029, inclusive of design and build), costs are profiled as 10% year 1; 45% year 2; 40% year 3; and 5% year 4. Sunk costs (e.g., SOC, and OBC development) are included in year 1.
- **Major repairs/lifecycle costs:** the Council's policy is to depreciate new buildings over a 40-year period at a rate of around 2 to 4% per year on a straight-line basis. Whilst we have included an allowance for ongoing maintenance, given the short time span of depreciation against typical building design lives, we think it is therefore prudent to exclude the cost of major repairs within the model. This is based on the rationale that the core asset value is depreciated to zero over 40 years.

## 4.1 Capital Arrangements

A capital cost profile has been produced for **Preferred Option 7 Partnership with LA and HB - new care and nursing home facility at Penrhos** based on the design and layout information provided by the Council using benchmarks and market rates sourced by Wakemans. These are included in AppendixG.

To propose an estimate of capital expenditure at SOC stage, indicative design work was undertaken on what was believed to be the Do Maximum option. As shown in the table below, this demonstrated a total cost of £18.4m excluding VAT. As outlined in the SOC this undertaking was purely intended to give an estimate of capital expenditure and not be regarded as the cost of the preferred option which would be determined at this OBC stage.

The table below shows the original estimated costs in the SOC which was developed approximately 12 months before the IRCF application was made.

Description of Component Cost	£'000
New Build Care Home with Nursing	11,800
Other Costs (Pre-construction, Preliminaries – 15% of Construction cost)	1,819
Fit out	250
15% contingency and Optimism Bias	2,080
15% Inflation Uplift and Risk Allowance	1,834
OBC Development phase costs (Project Manager, Design, Planning, OBC development)	599
<b>TOTAL COST</b>	<b>18,382</b>

Table 47 - Estimated costs in the SOC

Since approval of the SOC Wakemans was appointed to undertake cost consultation and provide a more defined indication of costs (excluding VAT) for the preferred option. These are shown below:

Capital Expenditure	Item
£ 15,410,000	Construction (new build care home with nursing) - figure provided by Wakemans (Feb 2025)
<b>£ 15,410,000</b>	<b>Sub-Total 1</b>
£ 1,079,000	Statutory and Professional fees @ 7%
£ 500,000	Furniture & Equipment
£ 1,155,000	Project Risk Allowance 7.5%
£ 933,000	Inflation uplift @ 5.63%
£ 557,000	Optimism Bias @ 3%
<b><u>£ 19,634,000</u></b>	<b><u>TOTAL - CAPITAL EXPENDITURE</u></b>

Table 48 - Costs for the preferred option

Based on engagements led by Cyngor Gwynedd Property Development Team and assuming project timeline are met including approvals by Welsh Government, a general assumption has been made that forecasts capital expenditure as follows:

Financial Year	% spend	£
2026/27	10%	£1,963,000
2027/28	45%	£8,835,000
2028/29	40%	£7,853,000
2029/30	5%	£982,000
<b>TOTAL</b>	<b>100%</b>	<b>£19,634,000</b>

Table 49 - Forecast capital expenditure

The capital requirements of the preferred option are supported by a detailed cost plan as shown in Appendix G.

**Clarification on Capital Funding and VAT Treatment:** The capital funding requirement presented in this case reflects the total cost to be financed for construction. It is important to note that this figure may appear lower than the Net Present Value (NPV) of the preferred option as presented in the economic case. This is because the economic case includes all discounted costs over the lifecycle of the project, whereas the financial case focuses on actual cash outflows required for delivery.

Additionally, VAT has been excluded from the economic case in line with HM Treasury guidance, as it is considered a transfer payment and does not affect net public value. However, in the financial case, VAT must be treated as a real cost if it cannot be recovered by the organisation incurring it. Confirmation that Council can indeed recover the VAT under its Section 33 exemption of VAT recovery status has been provided. VAT is therefore reclaimable and is not included in the capital funding requirement.

## 4.2 Funding Approach

The following table sets out the upfront capital requirements and the targeted offsetting IRCF grant, and any other capital receipts released as a result of the project.

	Option 7 – New 56-bed care and nursing home facility
Acquisition costs	£0
Sunk project costs	£0
Construction and associated costs	£19,634,000
IRCF grant income	£16,634,000 (85%)
Other capital receipts	£3,000,000 (15%)

Table 50 - Upfront capital requirements

This OBC is intended to secure Health and Social Care Integration and Rebalancing Capital Fund (IRCF) funding of £16.634m from the Welsh Government to create a public sector partnership development at the Penrhos site, in partnership with Betsi Cadwaladr University Health Board (BCUHB) for the building and development of a new residential and nursing care home. The Welsh Government has earmarked Capital Grants to promote the integration of Health and Social Care, and to support work on the second modelling of the care sector. Discussions have already begun with the Welsh Government about accessing the funds in a

timely manner. The level of contribution has been agreed between CG and the IRCF Team as part of the approval at SOC stage.

The Welsh Government says it will make funding available to allow Cyngor Gwynedd and the BCUHB to develop full plans for the new nursing and residential care scheme. A formal planning application is now expected to be submitted in due course before the authorities involved make a further bid for IRCF funding.

Internal capital funding of £3m will be provided by Cyngor Gwynedd from provision for match funding of projects in the care sector as outlined in the Asset Management Plan 2024-2035. This will contribute toward offsetting any deficit funding given the prevailing cost of price increases. Confirmation of this funding is included in [Cabinet report 11/06/2024](#).

## 4.3 Confirmation of Support

Two acres of land at Penrhos will be transferred to the Council by ClwydAlyn Housing Association for the purpose of the project.

In July 2022, Cyngor Gwynedd and BCHUB agreed on a formal partnership to provide nursing home placements within the county. CG [Cabinet meeting of 28/03/2023](#) and the [Health Board meeting of 30/03/2023](#) expresses agreement and approval from both organisations to the Penrhos development.

### External Bed Purchase

As mentioned above the model assumes a total minimum care bed demand of 92% which equates to a total of 52 beds (out of 56). The following market prices have been provided by the Council for use in the model:

Bed	Beds allocation	Average private purchase price
Residential Care (Dementia)	58%	£1,044 per week
Nursing Care	29%	£1,021 per week
Nursing Care (Dementia)	13%	£1,278 per week

Table 51 - Market prices

## 4.4 Revenue Requirements

A revenue cost profile has been produced for the preferred option based on the design and layout information provided. These are included in Appendix F. A summary of the revenue costs is provided in the table below.

	TOTAL
Staff	£ 3,213,840
Other	£242,989
Central costs	£72,248
Rental income	-£ 40,222
<b>TOTAL</b>	<b><u>£3,488,855</u></b>
Depreciation	£ 385,000

Table 52 - Summary of the revenue costs

Like capital costs above, initial indicative revenue costs were developed as part of the SOC process and based on market expectations and comparable care homes in the county. However, since approval of the SOC a more detailed analysis of the revenue costs has been carried out to support development of this OBC. A more detailed outline of expenditure is provided in Appendix F.

It is anticipated that the preferred option will be revenue-neutral or better for Cyngor Gwynedd and the Health Board. Current trends show that in-house residential service provision within Cyngor Gwynedd is currently at an average occupancy (occ) level of 92%. The previous Polish Care Home had an average occupancy level of 90%. The occupancy levels within the independent sector in Gwynedd is higher, at 95%.

	92% occ	90% occ	80% occ	70% occ
<b>Expenditure – Operating</b>	£3,488,855	£3,488,855	£3,488,855	£3,488,855
<b>Sub-total EXPENDITURE</b>	£3,488,855	£3,488,855	£3,488,855	£3,488,855
<b>Income - Nursing Care</b>	£1,204,580	£1,185,526	£1,090,255	£994,984
<b>Income - Residential Care</b>	£ 2,331,543	£ 2,283,296	£2,042,064	£1,800,832
<b>Sub-total INCOME</b>	£3,536,122	£3,468,822	£3,132,319	£2,795,816
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>£47,267</u></b>	<b><u>-£20,033</u></b>	<b><u>-£356,536</u></b>	<b><u>-£693,039</u></b>

Table 53 - Occupancy rates and expenditure/income

The net operating position varies across 70%, 80%, 90% and 92% occupancy with only the latter offering a net surplus of £47k per year (1.33% of income). The difference between surplus and deficit is purely economies of scale.

### Revenue Account Impact

The impact on the revenue account includes the net cost of operating Penrhos, there will be no borrowing costs required to pay for upfront capital works as this is already accounted for in the Council's Asset Management Plan. These components have been modelled to show a combined revenue cost, which can be compared across the options.

The full details of the Council accounting position can be shown in the below table:

	Option 7
	New residential and nursing care home at Penrhos
<b>Revenue Account</b>	
Income	
Expenditure	
Revenue account (ex. financing)	
Finance	
MRP	
<b>Total revenue account</b>	
Average annual revenue costs	
<b>Revenue account NPV</b>	
Average annual revenue costs NPV	
<b>Capital Account</b>	
Capital income	£0
Capital grants	£16,634,000
Capital costs	(£19,634,000)
<b>Net capital expenditure</b>	<b>(£3,000,000)</b>

Table 54 - Council accounting position



## 4.5 Sensitivities

To assess the resilience of the preferred option under varying financial conditions, sensitivity analysis has been undertaken. This helps to understand how fluctuations in operating costs and income could influence the overall financial position and value for money.

*Time Horizon Context:* The sensitivity analysis has been conducted across two forecast horizons—10 years and 25 years—to reflect both short- to medium-term financial performance and long-term sustainability.

- The 10-year horizon is particularly relevant for assessing near-term affordability, budget exposure, and operational risk. It aligns with typical funding cycles and provides insight into early-year financial resilience.
- The 25-year horizon captures the full lifecycle of the asset, including long-term operating efficiency, income generation, and cumulative cost impacts. This view is essential for evaluating the enduring value for money and strategic return on investment.

*Scenario Interpretation:* Each horizon includes three scenarios:

- Base Case: Assumes central estimates for income and operating costs.
- Scenario 1 (Downside): Models a 10% increase in operating costs and a 10% reduction in income.
- Scenario 2 (Upside): Models a 10% reduction in operating costs and a 10% increase in income.

	Scenario	Income (£)	Revenue Costs (£)	Depreciation (£)	Surplus/Deficit (£)	Annual Net Cost (£)	Total Net Cost (£)	BCR
<b>10-Year Base</b>	<b>Base Case</b>	<b>£ 3,921,122</b>	<b>£ 3,488,855</b>	<b>£ 385,000</b>	<b>£ 47,267</b>	<b>£ 337,733</b>	<b>£ 23,011,330</b>	<b>2.22</b>
<b>10-Year S1</b>	Scenario 1	£ 3,529,010	£ 3,837,741	£ 385,000	-£ 693,731	£ 1,078,731	£ 30,421,307	1.68
<b>10-Year S2</b>	Scenario 2	£ 4,313,234	£ 3,139,970	£ 385,000	£ 788,265	-£ 403,265	£ 15,601,353	3.27
<b>25-Year Base</b>	<b>Base Case</b>	<b>£ 3,921,122</b>	<b>£ 3,488,855</b>	<b>£ 385,000</b>	<b>£ 47,267</b>	<b>£ 337,733</b>	<b>£ 28,077,325</b>	<b>1.82</b>
<b>25-Year S1</b>	Scenario 1	£ 3,529,010	£ 3,837,741	£ 385,000	-£ 693,731	£ 1,078,731	£ 46,602,268	1.09
<b>25-Year S2</b>	Scenario 2	£ 4,313,234	£ 3,139,970	£ 385,000	£ 788,265	-£ 403,265	£ 9,552,383	5.34

Table 55 - Sensitivity analysis across two forecast horizons

- Annual Net Cost reflects the yearly shortfall (or surplus) between income and operating costs (Revenue + Depreciation).
- Total Net Cost includes that annual figure multiplied by the number of years, plus the capital cost of delivering the project (Annual Net Costs x 10 years or 25 years) + Capital costs
- Total economic benefits are held constant across scenarios at £51.1m. BCRs reflect changes in total net cost under each financial scenario.

The results show that while the project remains viable under all scenarios, the downside case (S1) significantly increases the net cost and reduces the Benefit–Cost Ratio (BCR), particularly over 25 years. This highlights the importance of robust cost control and income assurance. Conversely, the upside case (S2) demonstrates strong financial performance and exceptional value for money, with a BCR of 5.34 over 25 years.

*Note on BCR Inclusion:* Although BCR is traditionally presented in the economic case, it has been included here to illustrate how financial performance scenarios influence the overall economic value of the project. This helps bridge the financial and economic cases and supports a more integrated view of risk and return.

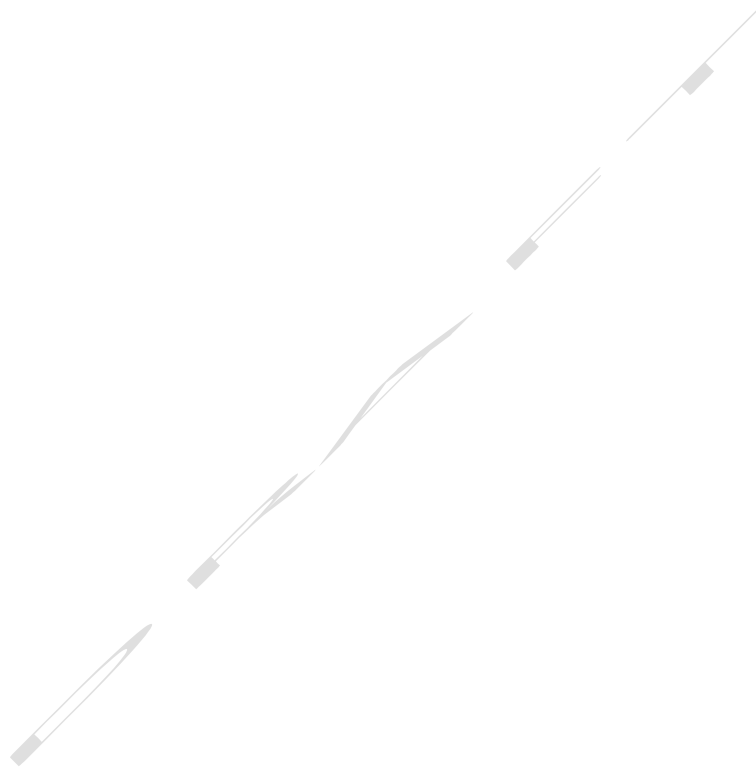
## 4.6 Conclusion of the Financial Case

The financial analysis provided demonstrates that the preferred option is broadly affordable and financially viable under base assumptions. Sensitivity testing across both 10-year and 25-year horizons confirms that the project remains resilient under downside scenarios, with strong upside potential.

While capital costs and lifecycle financial modelling have been robustly assessed, the full impact on the Revenue Account—particularly in terms of annual operating pressures and budget headroom—has not yet been finalised. This is a critical component of the overall affordability assessment and will be addressed in detail at Full Business Case stage.

Subject to confirmation of the Revenue Account impact and any necessary mitigation measures, the financial case supports progression of the preferred option, with a clear pathway to demonstrating full affordability and value for money.

# Management Case



## 5. Management Case

### 5.1 Introduction

The purpose of this management case is to demonstrate that robust arrangements are in place for the delivery, monitoring and evaluation of the scheme. This demonstrates that the preferred option can be successfully delivered with arrangements in place for contract management, benefits realisation and risk management.

To provide a compelling argument the Management Case has been structured to demonstrate the following:

Item:	Contents:	To demonstrate:
Governance Arrangements	Overview of the arrangement in place for the rebalancing care and support programme.	How delivery of the Penrhos residential and nursing care home scheme fits within the arrangements for the rebalancing care and support programme as well as the required IRCF governance arrangements
Programme & Project Management	Roles and responsibilities for delivery of the scheme	That robust delivery arrangements are in place and are being successfully implemented
Project Timeline	Key Milestones	That realistic timeframes have been allocated and agreed with all parties showing a clear critical path
Stakeholder Management	Content and methodology for maintaining stakeholder communications	People and entities outside of the partner organisations maintain support for the scheme
Change Management	The strategy for managing contractual change	The Council and partners are in a position to adapt to changing needs and circumstances
Benefits Realisation	The strategy for realising benefits	Buy-in and accountability for the forecasting, measurement and reporting of benefits
Risk Management	The strategy for managing risk	Proportionate systems are in place, actions are being undertaken, and ownership follows the principles set within the Commercial Case
Assurance and Post Project Evaluation	The arrangements for future gateway reviews	Development and consideration of lessons learnt which may provide a blueprint for similar undertakings elsewhere

Table 56 - Structure of the management case

### 5.2 Programme Governance Arrangements

Project Governance arrangements have been established to reflect national guidance and as set out in the Capital Investment Manual 'Managing Capital Projects' (Department of Health); PRINCE2 (Office of Government Commerce); Managing Successful Programmes (Office of Government Commerce/ Efficiency and Reform Group). It was noted that the report was an example of close joint-working between Cyngor Gwynedd and the Health Board, which was to be welcomed.

At SOC stage it was agreed to put formal arrangements in place to ensure clarity of roles and responsibilities of each partner. Since the SOC these arrangements are largely retained as follows:

#### North Wales Regional Partnership Board (NWRPB)

Regional Partnership Boards (RPBs) have been identified as crucial vehicles to lead the development of a joined-up approach to planning health, social care and housing capital investment that can enable seamless service delivery closer to home. They include representatives from health, social care, housing, education, the third sector, and independent providers. RPB's have a key role in bringing together key partners to facilitate cross-sector strategic planning in relation to capital investment for health and social care.

The NWRPB Strategic Capital Plan is a comprehensive 10-year plan that has been developed to address the capital investment needs for community infrastructure in North Wales. This plan focuses on enhancing social care and primary and community healthcare services. The plan was finalised in October 2023 after incorporating feedback from various stakeholders and undergoing several revisions. The NWRPB Strategic Capital Plan is supported by two main sources of Welsh Government capital funding:

- the Integration and Rebalancing Capital Fund (IRCF); and the
- Housing with Care Fund (HCF).

These funds are allocated to support a range of projects that promote independence, wellbeing, and care closer to home while delivering on the strategic priority of increased care and support for complex needs. The RPB forms a part of the pathway of approval at each business case stage.

Projects seeking IRCF Funding must receive formal approval from the RPB in the first instance and adhere to its governance arrangements. Regional Partnership Boards (RPBs) must ensure they have robust monitoring arrangements in place to ensure schemes funded via IRCF deliver their intended outcomes on time and within budget. The Welsh Government will hold bi-monthly monitoring meetings with each RPB to review progress, financial performance and review the submitted bi-monthly proformas the Penrhos project manager completes on behalf of the scheme.

The RPB's governance framework in the diagram below aims to facilitate cooperation between multiple key partners in North Wales

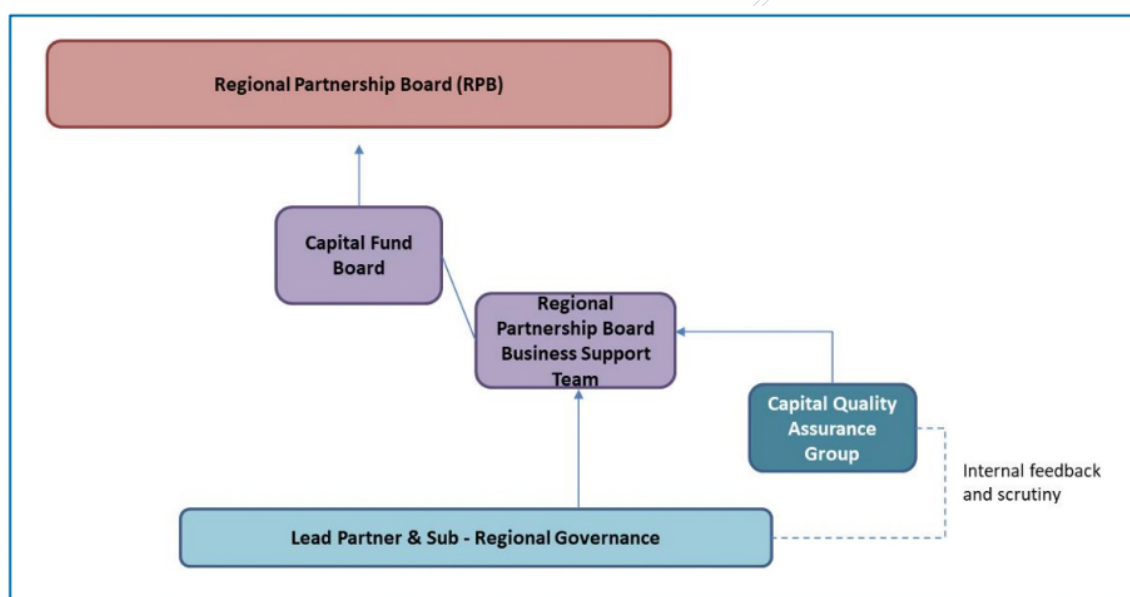


Figure 12 - RPB's governance framework

### IRCF Team and Welsh Government

Once the project was deemed feasible the investment application was submitted to Welsh Government in Spring 2023. This application was then considered by the IRCF Panel who supported the business case and development stage, this approval allowed the business case to be submitted for further consideration.

As for all projects over £5 million, business cases must be submitted in three stages: Strategic Outline Case, Outline Business Case followed by a Full Business Case.

Following approval by the NWRPB, CG (the lead organisation) submitted a Strategic Business Case to Welsh Government IRCF Team for consideration in April 2023. The scrutiny process involves two rounds. The first round (SOC) was approved by the Welsh government in July 2024 and this OBC will support the second

round. After thorough scrutiny, a recommendation will be made to the IRCF Panel. If the IRCF Panel supports the recommendation, it will then be recommended to the Minister for final approval.

On final approval by IRCF Panel and the Minister the applicant (CG) will be notified, and work can begin. Funding will be released quarterly in retrospect following the submission of claims evidencing eligible expenditure.

The new building on the Penrhos site will be designed to achieve the highest environmental standards of BREEAM excellent (a copy of the BREEAM report to date can be seen in Appendix H). Additionally, in line with the IRCF guidance, the project will deliver Net Zero Carbon in operation and a 20% reduction on the amount of embodied carbon, which includes those emitted through construction materials and the construction process.

## 5.3 Programme Management Arrangements

### Penrhos Programme Board

The Penrhos Programme Board provides strategic leadership and overview of the project from the primary partners in the project in addition to managing risks and ensuring the project works towards reaching the agreed goals. Membership of the Board includes senior officers and managers from each partner organisation as well as other key stakeholders.

Cyngor Gwynedd Corporate Director – Social Services and BCUHB Executive Director of Nursing & Midwifery are the Senior Responsible Officers (SRO) for the Project. The partnership Project Executives are:

- Mari Wynne Jones (Head of Adult, Health and Wellbeing Department for Cyngor Gwynedd)
- Chris Rudgley (West Area Lead for Operational Improvement for BCUHB)
- Project Manager – Meinir Owen (Cyngor Gwynedd)

### Care and Workforce Project Board (Cyngor Gwynedd and BCUHB)

The Project Board has the overall the responsibility to drive forward and deliver the outcomes of this scheme. Members will provide resource and specific commitment to support the project manager in respect of the key deliverables. The Project Board will be led by a Project Manager. The key roles of the Project Board are to:

- Provide strategic direction for the project
- Coordinate and oversee the action plan led by individual workstreams and designated responsible officer
- Be accountable to the Penrhos Programme Board
- Confirm the scope of the project
- Sign off the Project Execution Plan and project plans
- Deliver the project within the parameters set
- Authorise deviation from agreed project scope
- Sign off completion of each stage and deliverables and ensure relevant approvals are met
- Ensure that required resources are available
- Respond to any escalated issues from work-streams and project team
- Monitor risks associated with the project and review risk register
- Provide high level direction on stakeholder involvement and support and monitoring project level management of stakeholders
- Ensure the requirements for Business Case approval are met
- Receive and note post project review for lessons learnt



Existing partner organisation Boards retain the power to sign off the business case, at each stage of the development process through their organisational governance arrangements as follows:

- Cyngor Gwynedd – Cabinet.
- BCUHB – West IHC, Executive Team, PFIG and Health Board.

The programme and project management arrangements outlined above are represented in Figure 13 below which also places these arrangements within the wider business case approval context:

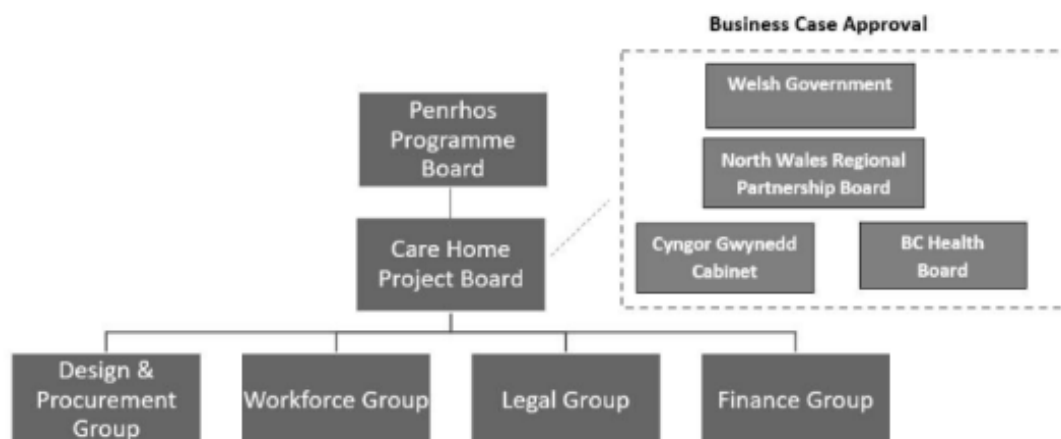


Figure 13 - Programme and project management arrangements

### Professional Advisors

The Project Team is supported by a number of experienced external advisors. A list of current advisors and their role in supporting the project to date is summarised in the table below.

Provider	Responsibilities
Hugh James	Legal Advice
Lovelock Mitchell	Architects
Wakemans	Cost Consultant
Waterco Datrys	Civil & Structural Engineering

Table 57 - Current advisors and roles

## 5.4 Project Management Arrangements

All schemes requiring a Business Justification Case (BJC), Outline Business Case (OBC) or Full Business Case (FBC) will need to establish an appropriate Project Board. The continued use of PRINCE 2 based controls for project management is recommended based on the following seven processes:

Process	Actions, Activities and Processes (non-exhaustive)
Starting Up	Appointment of the team and executives, OBC production, definition of the project brief.
Initiating	Preparation of tools such as quality management system, benefits management and project controls.
Directing	Authorisation of the project and execution plan whilst providing ad hoc direction.
Controlling a Stage	Authorising packages of work, status reviews, highlight reporting, management of risks and issues.
Managing Delivery	Sending performing and accepting of works packages
Managing a Stage Boundary	Planning the succeeding stage, updating the business case, updating the project plan and creating exemption plans where required.
Closing	Prepare/ undertake handover and undertake evaluations.

Table 58 - PRINCE2 based controls for project management

## 5.5 Project Plan

Project Milestones	Indicative Dates
Partnership Approval of SOC	March 2023
WG review of SOC and approval to proceed	July 2024
Planning process commenced	October 2025
Outline planning permission	November 2025
Completion of OBC inc. internal approval to proceed	December 2025
WG review of OBC and approval to proceed	January 2026
Formal planning application	Spring 2026
Completion of FBC inc. internal approval to proceed	June 2026
WG review of FBC and approval to proceed	September 2026
Construction, completion and handover	March 2027 – September 2029
Occupation	October 2029

Table 59 - Project milestones

Council officers will now develop detailed designs and plans, to be submitted to the formal planning process during 2025, with the aim of construction work starting in 2027. It is hoped the home will be complete and ready to welcome its first residents in 2029.

## 5.6 Communication and Engagement

Public and stakeholder consultation is essential to ensure that the various stakeholder aspirations are considered throughout the development of the scheme. Therefore, the project will follow a Communication and Engagement Plan that outlines how the Project Manager will engage with stakeholders, manage communications, and ensure transparency throughout the project. This plan will evolve as the project progresses to account for changes to stakeholders, changes to their interest and influence and changes to how the Council undertakes its engagement. A full Communications and Engagement Plan can be seen in Appendix I.

The key stakeholders for this project have been identified and consulted, with views incorporated into the design and the Business Case:

Organisation / Name	Interest	Influence	Strategy for Engagement
Welsh Government	H	H	Regular updates through bi-monthly progress reports and formal consultations during the IRCF application process.
NWRPB	H	H	Close coordination through the RPB's Capital Project Management Office, regional approval to progress to OBC stage FBC etc, quarterly monitoring processes.
NWSSP SES	H	H	Early engagement on proposals/initial designs, ongoing updates and meetings to inform and consult throughout project lifecycle.
Betsi Cadwaladr University Health Board – Chair and Executive Director of Nursing & Midwifery	H	H	Engage through targeted briefings and updates to ensure continued support and alignment with health and social care objectives.
Planning Department	M	H	Early advice and guidance on planning works, ensure timely submission and processing of planning applications, and maintain open lines of communication.
Members	M	M	Regular strategic briefings to ensure alignment with CG corporate objectives, secure support, and provide updates on project progress, resource needs, and outcomes.
Cabinet Member for Health and Social Care (Cllr Dilwyn Morgan)	H	H	Engage through targeted briefings and updates to ensure continued support and alignment with health and social care objectives.
Local Member (Cllr Angela Russell)	H	M	Regular briefings to gather local insight and feedback; consult on community concerns and ensure alignment with local priorities.
Current Penrhos Residents and Families	M	L	ClwydAlyn in partnership with the Council operates a web page dedicated to the Penrhos Scheme with regular progress updates.
Media and Press	M	L	All incoming and outgoing communications are managed by Cyngor Gwynedd and BCUHB's communication department in consultation with the NWRPB.

Table 60 - Key stakeholders

The key stakeholders have been mapped according to their influence and interest:

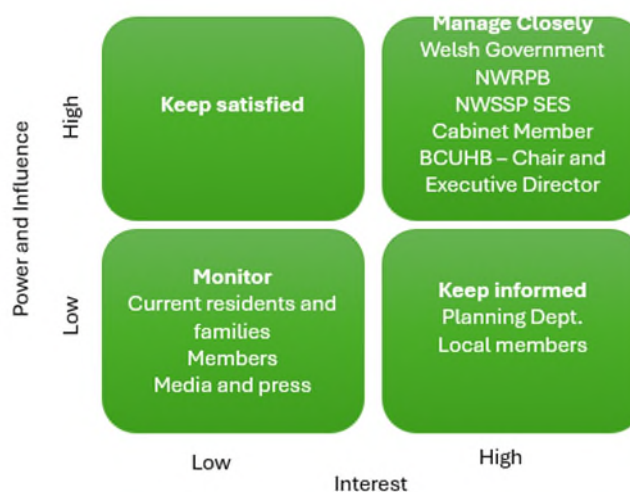


Figure 14 - Stakeholder map

The project manager will lead the engagement with a number of stakeholders, undertaking the following key responsibilities:

- Liaising with RPBs, Welsh Government and others, as appropriate.
- Securing written RPB endorsement and formal agreement to apply for IRCF funding and approval to progress at each stage e.g. OBC, FBC and submit applications for approval.
- Submitting applications for approval and claims for grant, providing all supporting evidence required.
- Monitoring, recording and escalating risks as required
- Reporting outputs, outcomes and benefits and providing information to the Programme Board and Project groups.

## 5.7 Change Management

As with all capital projects of this scale the project is likely to be subject to changes and it is fundamental that control and management are included in the decision-making process. Change control is to enable parties to be able to make informed decisions with a high degree of predictability of outcome.

Change control procedures have been in place during the early stages of the project and have been used to aid the development of solutions from the outset.

Change instructions can only be issued by the Senior Responsible Owner or the Project Director and must be within their respective limits of delegated authority. No other person is authorised to issue instructions.

To make decisions in an informed manner the Senior Responsible Owner or the Project Director must as an absolute minimum be made aware of:

- Any contractual timescales involved
- The value/effect of the proposed change and hence the approval level required
- The timing and frequency of meetings involving the requisite approval authority
- The level/value/impact of any abortive work that may be carried out whilst any response/decision/approval is sought.

Any requested change that exceeds, or is likely to exceed, the project budget and/or is likely to extend the programme and/or is likely to increase the Partnership's risk profile, will have to be approved initially by the Project Board, and then escalated accordingly in line with Penrhos' governance structure.

The cost report issued monthly will summarise all changes to date, both approved and forecasted. The change control procedure is in accordance and aligns to authority levels given to appointed personnel.

The only circumstance where the change control procedure can be circumvented, is when an immediate or imminent health & safety matter occurs, requiring immediate action; or when the change is within the delegated authority granted to the Senior Responsible Officer, the Project Director or the Project Manager.

In cases where there is an imminent health & safety danger that requires an action exceeding the authority of Senior Responsible Officer, the Project Director or the Project Manager, retrospective use of the procedure is to be adopted. Any changes to the agreed project requirements will require formal approval by the Project Board, dependent upon the scale of their impact.

Change requests will be generated using a project Change Control Form and will be assessed for financial and programme implications. The Project Manager will indicate on the form the time required for approval. This document will be sent to the Project Director for approval and signature.

Upon formal approval, the Project Manager will issue a Project Manager's Instruction. All changes must be formally communicated to the contractor under cover of a Project Manager's Instruction (PMI).

## 5.8 Risk Management Plan

The processes followed adhere to the PRINCE 2 risk management procedure.

Process	Tools
Identify	<p>Risk Reviews – utilising group thinking and contributed to by an appropriate range of stakeholders.</p> <p>Risk Checklist – bringing in lessons learnt from previous projects and programs.</p> <p>Prompt List – utilising publicly available risk prompt lists.</p> <p>Breakdown Structure – identifying the sources of risk and assessing how these could result in additional risks.</p>
Assess	<p>Probability Trees – used in assessing the cause and effect to provide further interrogation to a risk's probability of occurring.</p> <p>Expected Value – quantifies the risk with assessment of impact and probability.</p> <p>Ranking – used to prioritise risks when assessed against their potential impact on the project objectives (alternatively referred to as Pareto Analysis).</p>
Plan	<p>Impact grid – used to show the risk exposure across the impact and probability metrics, set risk tolerances and prioritise.</p>
Implement	<p>Tools used in the implement stage are bespoke depending on the nature of the specific risk. These are included in the risk profiles.</p>

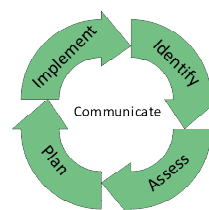


Table 61 - PRINCE2 risk management procedure

The responsibility for managing the risks of the project resides with the Project Manager. Key project risks will be identified and recorded on a Risk Register, where they will be allocated a Risk Manager, who is responsible for managing the risk together with the mitigation measure identified for that risk.

The Risk Register has been developed and presented to the Project Board. It is a separate stand-alone 'live document' throughout the life of the project, which must be updated regularly to capture new risks, identify those whose status have changed, examine mitigation strategies and close risks which are no longer applicable.

Key members of the Project Board may be responsible for owning risks highlighted on the Register and carrying out the mitigating actions identified; however, it is the Project Manager who is required to manage the Risk Register as a whole, with particular attention to the most significant risks. Risk workshops are to be held at periodic intervals throughout the project duration and additional risks added as they arise. Through a delegated authority, the Project Manager will present the steps that are being taken to minimise exposure to risk on the project. The risk workshop will then determine if the approach is appropriate or if additional action is required to be undertaken.

Risks are to be assessed in line with the matrix shown below and a fully costed risk register can be seen in Appendix E:

		Likelihood				
		Rare	Unlikely	Possible	Likely	Almost Certain
Consequence	5 - Catastrophic	5	10	15	20	25
	4 – Major	4	8	12	16	20
	3 – Moderate	3	6	9	12	15
	2 – Minor	2	4	6	8	10
	1 – Negligible	1	2	3	4	5

Table 62 - Assessment of risks

## 5.9 Outline Arrangements for Benefits Realisation

It is the responsibility of each benefit owner to capture benefits in line with the agreed measurement frequency and report to the SRO.

The benefits process shown in the diagram to the right shows the stages of the benefits realisation process which will be undertaken throughout the lifecycle of the project in line with APMG methodology.

It is recognised that a robust benefits management process will be key to the delivery of the outcomes and objectives from this scheme. This approach allows the Penrhos Partnership to demonstrate the success of the project post completion whilst assisting with the lessons learnt and continuous processes.

The Senior Responsible Owner remains accountable for the receipt of benefits tracked by the individual benefit owners throughout the life of the project. These are to be reported to the Programme Board to timescales identified within the developed benefit profiles.

### Programme monitoring

Effective monitoring and evaluation arrangements are important to provide assurances that IRCF capital funding is being fully utilised in the support of the aim of the fund to achieve the Programme for Government (PfG) commitments of developing 50 integrated health and social care hubs and rebalancing the residential care market. RPBs must ensure they have robust

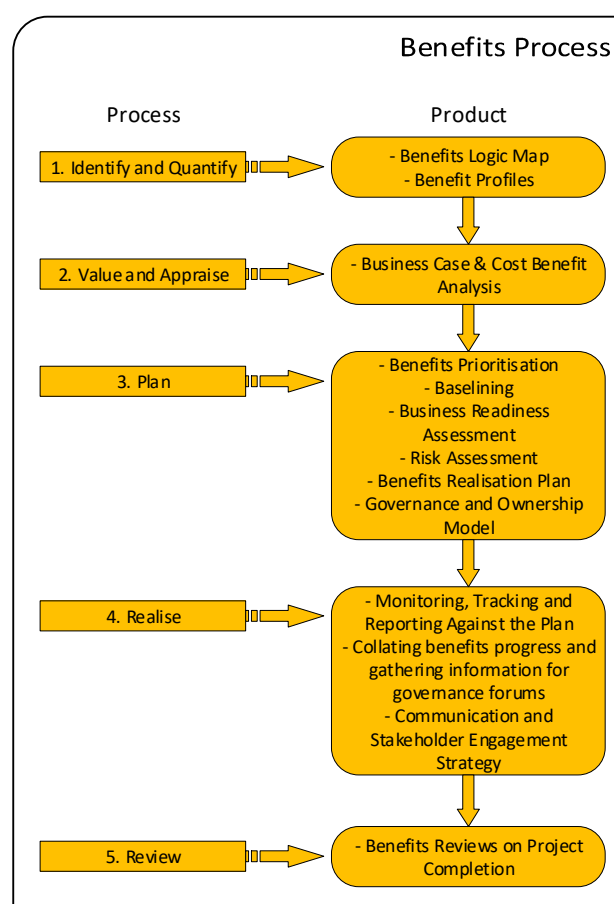


Figure 15 - Benefits process

monitoring arrangements in place to ensure schemes funded via IRCF deliver their intended outcomes on time and within budget. The Welsh Government will hold bi-monthly monitoring meetings with each RPB to review progress and financial performance. More frequent meetings will be held as required, particularly in the second half of the financial year. RPB Leads will be the main point of contact to ensure a strategic view is maintained across each region, however leads can nominate suitable colleagues to engage with the Welsh Government if required. Welsh Government requires RPBs to submit bi-monthly monitoring reports, including:

- Financial assumptions
- Delivery of project – timeframes to include targets as well as any identified slippage against spend profile
- Programme risks and RAG status of scheme and project progression
- Outputs and outcomes – by set dates e.g., by 30 September and 31 March
- Benefits realisation

Other than risks, reporting must be cumulative and summarise the overall position at the relevant point of the financial year. RPBs should include progress updates on their capital activity as part of their annual report. Welsh Government may publish periodic report to illustrate the activity.

## Measuring Success

It should be for the RPB to ensure that benefits register with baselines is developed so that success can be judged against this. Each individual project will have its own success criteria. Any business case developed should include benefits register. However, RPBs need to align their benefits register to the RIF Outcomes Framework and the Model of Care high level outcomes that relate to, for example community-based care and accommodation-based solutions, and to the other Models of Care outcomes where there is interface and relevance to provide the story of intended change for the priority population groups. The RIF Outcomes Framework Technical Handbook provides practical advice and suggests tools to use to gather robust and coherent evidence of what works including how to present case studies from multiple perspectives.<sup>49</sup>

## 5.10 Conclusion of the Management Case

The successful delivery of this project will be underpinned by a robust governance structure, clear roles and responsibilities, and proven project management practices. Appropriate resources have been identified to support each phase, with key stakeholders engaged throughout the planning and delivery process. Risks and dependencies will be actively managed through established controls, and benefits realization will be monitored through a structured framework. The proposed approach ensures the project is achievable, deliverable within scope and timeline, and aligned with strategic objectives.

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<sup>49</sup> [Health-and-Social-Care-Integration-and-Rebalancing-Capital-Fund-ICRF-Guidance-2022-2025.pdf](#)