

## **Cost Model Assumptions and Development**

- Level 1 – Concept Stage

At the initial concept stage, the agreed financial banding framework was applied to identify the scale of opportunity:

Banding:

High: > £11,000

Medium/High: £7,010 – £10,990 (mid-point £9,000)

Medium: £5,000 – £7,000 (mid-point £6,000)

Medium/Low: £3,010 – £4,990

Low: £0 – £3,000

- Level 2 – Refined OBC Stage

At this stage, mid-range assumptions for the Medium and Medium/High bands were not used. Instead, analysis focused directly on the actual children currently in residential care (RESI).

Cohort Overview:

Total in RESI: 73

Total weekly cost: £427,379

Average weekly cost per child: £5,854

This average was refined further using segmentations of 10 within the cohort.

Average Costs:

All Residential:

- Medium-cost placements: £5,536

- Medium/High-cost placements: £6,805

14+ Cohort (assumed SA pathway):

- Medium-cost placements: £4,599

- Borrowing Repayment

Borrowing allocation has been reviewed, specifically the £2.156m requirement, to ensure alignment with financial strategy.

- Future Cost per Week Assumptions

Based on market engagement and analysis:

- Medium: £5,500

- Medium/High: £5,750

Supported Accommodation based on current SA cohort data (excluding anomalies).

- Operating Models and Overheads

Future full business cases will include detailed financial mapping of operating costs and overheads to ensure due diligence and compliance.