



Department
for Education

Capital investment to develop provision for children with complex mental health needs and challenging behaviour 2025-29

Information for applicants

November 2024

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1. About this guidance

This guidance is for local authorities (LAs) wishing to apply to the open application round for capital match funding to deliver additional provision for children with complex needs and challenging behaviour, recognised to be a response to complex and ongoing trauma. These children may have been, or are at risk of being, deprived of their liberty.

The autumn budget issued on 30 October confirmed our funding for 2025/26 enabling us to launch this competition. Future years funding for the remainder of this programme, scheduled to run from April 2025 until March 2029, will be confirmed in due course. This Government is committed to investing in children's homes capital to support LAs to create provision for vulnerable children and this programme builds on the £259 million announced at spending review 2021 that is being invested in both open and secure children's homes sectors.

LAs applying for funding should familiarise themselves with this guidance before completing the application form.

Only applications that demonstrate a high project need supported by evidence, and which align closely with our programme objectives (as set out in section 2) are likely to be successful.

2. About the children's homes capital programme 2025-29

In 2021, the Department for Education introduced a new £259 million capital funding programme designed to support LAs to establish new children's home provision via expansion, refurbishment, or new building work. While this programme has and will continue to help increase capacity across the open children's homes (OCH) sector, a combination of increasing need and inadequate specialist provision in the system means that we are still seeing children with highly complex needs accommodated in unsuitable, unregistered placements at a significant cost to LAs.

To ensure that the system is able to provide a safe home for these vulnerable children, the Government has committed to make further match funding available to LAs through this programme to create additional OCH placements for children with multiple, complex needs, recognised to be a response to complex and ongoing trauma, who have been, or are at risk of being, deprived of their liberty.

Who are the children this provision should be developed for?

This capital investment will support LAs to develop provision which can meet the needs of children with the most complex behavioural and emotional needs, who are, or at risk of, being deprived of their liberty to keep them safe. These children are often present across various settings, including in Tier 4 Mental Health wards and secure accommodation settings. They may have similar needs and are often the same children moving through multiple teams and professionals from different parts of the state's system.

Nuffield Family Justice Observatory conducted analysis¹ on the applications submitted to the national deprivation of liberty court over a 12-month period (July 2022 to June 2023) to better understand the number of children deprived of their liberty, their circumstances and the reasons an application was sought.

This analysis found that there were three broad groups of children deprived of their liberty, who have a high level of need and who are at risk of harm or harming themselves. These are:

1. **Children with multiple, complex needs, recognised to be a response to complex and ongoing trauma.**
2. Children with learning and physical disabilities needing support/supervision.
3. Children experiencing or at risk of external or extrafamilial risk factors such as sexual or criminal exploitation.

This capital investment is designed to provide funding for LAs to develop provision for children in cohort one only. Applications received for funding to create provision outside of this cohort will not be accepted.

There are significant gaps in the current system for these children, who often present with complex challenging behaviours that mean admission to hospital may not be appropriate, and a secure children's home cannot meet their needs.

This funding will be available to LAs to help create accommodation which will:

- ensure that there is sufficient provision in the right places for children with complex needs;
- ensure local health and social care teams work together to provide care which meets all of a child's needs; and
- reduce the number of children and young people with complex needs and behaviours being accommodated in unregistered provision.

Further details on criteria are available at section 6 of this guidance.

LAs may enter more than one project bid, which will be assessed separately and independently from each other. If the projects are linked, please refer to this in the application form. There is no guarantee that if one project is successful, the others will be too. You may want to consider whether a single combined application may be more appropriate.

This children's homes capital funding can only be used for the project for which it was awarded. Any changes to a project's scope must be agreed in advance by the Department

¹ <https://www.nuffieldfjo.org.uk/resource/children-subject-to-deprivation-of-liberty-orders>

for Education (DfE) and the project may be liable to cancellation and/or clawback of funding if a change of scope is not agreed and/or subsequently taken forward by the LA.

Funding will be provided via a grant issued under Section 14 of the Education Act 2002, which means that funding will be paid in arrears upon satisfactory evidence of work completed. It is the expectation that grant funding will be awarded in Spring 2025, with work starting on the projects as soon as possible after the award has been given, and in line with committed milestones, project plans and required KPIs that will be included in all grant offer letters. KPIs include:

- LA project team to complete and submit monthly progress reports in full to DfE. Progress reports must include progress against key delivery milestones including:
 - Property purchased (if appropriate),
 - Feasibility design completed,
 - Planning application submitted,
 - Planning application approved,
 - Tender of contractor launched,
 - Construction partner approved and started on site,
 - Recruitment of relevant staff for the home,
 - Practical completion,
 - Ofsted registration completed,
 - First young person placed in the home.
- In addition, LA project team maintain and amend budget forecasts to reflect accurate project progress and provide DfE with updated cashflow forecasts as part of monthly progress reports.
- LA project team to prioritise spending DfE match funding before the LA match funded contribution where possible and make regular claims in line with project delivery forecasts.
- LA project team to attend monthly (or other agreed frequency) meetings with DfE Project Lead and provide an overview of progress over that period of time and respond to any queries and clarification requests.
- LA project team agree to provide DfE with requested project benefit data at the appropriate time in the project lifecycle.

DfE funding cannot be extended past 31st March 2029. Applications must robustly demonstrate how they intend to complete capital works and claim DfE related match funding by this date or sooner. Any applications that demonstrate capital works will surpass this date will not be accepted.

Where any awarded projects throughout their lifetime face delays that could extend the milestones past 31st March 2029, DfE reserve the right to cancel and/or clawback funding.

DfE has a separate programme of capital funding for secure children’s homes (SCH). As such, bids for funding to carry out capital works to maintain, improve, extend or create new SCH placements are therefore out of scope for this programme and will not be accepted.

3. Indicative timeline for the children’s homes capital programme (Table 1)

Milestones	Dates
Programme launch: Information for applicants circulated	1 November 2024
Deadline for all applications	28 February 2025
Notify applicants of outcome	From 24 April 2025
Grant letters issued to successful bidders	May 2025
DfE funding ends	31 March 2029

4. Who can apply for funding?

This bidding round is open to all LAs, either bidding alone, as part of a consortium of LAs, or in partnership with the voluntary and community sector/ private sector providers. In the case of consortia bids, the lead bidder must be a single LA, and all capital assets created as part of this funding must remain in the ownership of the lead LA. The LAs/ consortium members will be solely responsible for all one-off and ongoing maintenance and running costs for the asset - these costs are out of scope of this capital programme and will not be provided. The Department will perform necessary checks as part of the bidding process to confirm LA financial stability and may reject bids if this is found not to be the case.

5. Grant conditions

If your application is successful, you will be expected to comply with our grant funding terms and conditions. Failure to comply with the terms and conditions will affect payment of the grant and may result in funding being withdrawn and/or clawed back. Key mandatory grant terms and conditions will include the requirements to:

- agree to match-fund the proposed work and prioritise spending DfE’s match funding first where possible;
- agree that the capital build element of the project will be complete, and all associated DfE match funding will be spent and claimed, on or before 31 March 2029;

- report the progress of the project throughout its lifecycle by completing monthly project monitoring reports;
- inform DfE of any changes/delays to planned project milestones and of any project overspends/underspends;
- agree conditions of clawback, payment suspension and early termination clauses in circumstances where monies are not spent for the purposes as set out in the grant or if the project is unable to be completed entirely or within the set timescales;
- commit to continue to operate the new provision created with the DfE funding for a minimum of 5-years from when placements begin; and
- once new provision is operational, agree to report regularly to DfE on operating costs (or placement fees if operated by a third party) and the demographics of the children placed in the provision (including details of previous placement and placing / accommodating local authority).

The grant funding terms can be found on the [GOV.UK website](#).

6. Types of projects which are eligible for funding.

The aim of this programme is to develop provision which is designed to meet the specific needs of children that are at risk of being, or are currently, deprived of their liberty due to their multiple, complex needs, which is recognised to be a response to complex and ongoing trauma.

DfE will aim to support projects which are designed to meet the specific needs of our target cohort (as defined on page 3 & 4) and that:

- Create additional provision by:
 - Extending or adapting existing provision to provide additional capacity i.e. an annex or pod.
 - Refurbishing a current LA owned asset that is not currently being used as a children's home.
 - Purchasing or building a new property/asset.
- Where a project is designed as multiple occupancy i.e. not solo provision, it provides communal living arrangements in the typical style of an open children's home but can be adapted to provide self-contained solo provision when required in order to maximise occupancy levels.
- Has fixtures and fittings that are designed to maximise safety in recognition of the additional needs of the children placed there e.g. anti-ligature features, underfloor heating etc.
- Provides a clear plan to ensure the care delivered in the setting will link community and in-house services e.g. education, healthcare, CAMHS etc.

- Has partnership commitments in place with local Integrate Care Boards (ICBs) to provide integrated health and social care within the home. Annex A provides two case studies of integrated healthcare services to meet the needs of this cohort of children in their local area.
- Has clear pathways to transition either into mainstream or other suitable provision.
- Is registrable as a children's home with Ofsted in compliance with the Children's Home Regulations (2015).

In contrast, funding is **not** available for:

- Building works to family homes or homes providing foster care services.
- Accommodation / services for care leavers or supported accommodation for children aged 16 and 17.
- Accommodation for children who are not looked after children.
- Refurbishing existing operational children's homes (unless the project is to expand the number of places specifically provided for this cohort of children within an existing home i.e. the creation of an annex or pod.)
- Transportation for staff
- Furnishings
- Routine maintenance works of existing or newly created provision.
- Provisions which are **not** registrable as a children's home with Ofsted in compliance with the Children's Home Regulations (2015).

Any bids, or elements of bids, that are deemed to be out of scope will be rejected and will not be evaluated.

We would expect to see commitment to continue to operate the new provision for an extended period of time of no less than a minimum of 5 years from when placements begin. In situations where the provision is deemed no longer required, consultation with DfE will be required to discuss how DfE funding will be reinvested into the local children services.

You will need to seek our prior written approval from the DfE if you wish to sell, dispose of or otherwise transfer or change the use of any building that was acquired, refurbished, developed and/or improved whether in whole or in part using the grant funding. Any approval may be subject to the satisfaction of certain conditions, including in relation to the application of any proceeds of sale. Where the grant is not used in line with the purposes for which it was awarded and according to the grant terms and conditions we will look to claim back the funding.

While the design of this provision will vary based on local need, **all provision must be capable of being operated as an Ofsted-registered children's home**, with health partners working together with LAs to deliver suitable packages of care and plans to support young people back into their community / mainstream provision where appropriate.

Ahead of submitting your bid, we strongly suggest contacting Ofsted via their policy mailbox (EYRegulatoryandSocialCare@ofsted.gov.uk) to discuss the project and any potential issues with registration. You can find more information on registering a children's homes here: [Registration guide for children's social care services - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/registration-guide-for-childrens-social-care-services)

We have not set a threshold on the number of properties or amount of funding that can be included in a single bid. However, we expect all bids to be achievable, reasonable, demonstrate best value for money and benchmark costs against similar projects where tender/work estimates are not available. Bids should clearly set out expected yearly spend between 1 April 2025 and 31 March 2029. All bids will be evaluated independently against the criteria and scores set out in Section 9.

We will accept applications for projects that were already planned prior to the announcement of this funding as well as applications for new projects. In the case of projects that were already planned, you will need to provide clear evidence of funding that has already been secured (our assumption is that this funding will continue) and what the added funding and value would be if you were to secure DfE funding. DfE will not accept applications that claim for any works that have been undertaken prior to the notification of the outcome of your bid.

7. Application Form

All applications for capital funding must be completed on the application form provided by DfE.

Applications must receive a satisfactory score on each and every question/criterion to be awarded funding. If an application receives less than 3 on any single question, then it will be judged as not having met the standard required and will not be eligible for funding.

The bid process will be conducted in a manner that ensures bids are evaluated against the criteria set out below in Section 9.

Our intention is to fund projects which meet DfE's strategic priorities, and where the proposed project is appropriately planned and presents best value for money.

The application form is designed for you to summarise the most important features and rationale behind a project. There are three key sections to complete: Project Need, Project Delivery and Project Cost. You may attach relevant and necessary key project

documentation as evidence to support the case being made; however, your entire applications should be no more than 15MB to ensure our IT system is able to accept these. If your application refers to a local strategy document, the relevant text should be transferred into the application to avoid large irrelevant files being attached.

If a LA wishes to submit a consortium bid, the following must be provided as part of the application:

- a) Who will be the lead LA – this will be the accountable body for the project if the bid is successful and to whom the funding will be provided.
- b) The proposed governance structure including the roles, responsibilities, capacity and resource of the consortium members to deliver the project.
- c) All delivery, task management and sub-contracting agreements between consortium members to ensure the project is able to deliver across organisations.

8. Match Funding agreements

The DfE will provide match funding to successful applicants up to a maximum of 50% i.e. DfE provides 50% and the local authority and/or consortium provides 50%. We expect applicants to be able to demonstrate that they can equally match fund DfE investment for the total capital cost of the project.

Definition of Capital Spend

Capital Spend is defined by accounting standards. IAS 16 sets out that capital costs include all costs necessary to bring the asset to working condition for its intended use. This includes not only the original purchase price of land and materials etc, but also any costs of site preparation, delivery and handling, installation, related professional fees for architects and engineers, and the estimated cost of dismantling and removing the asset and restoring the site.

Project management costs may be included under this definition if it is wholly/solely linked to the construction works.

We will accept current LA owned property or land as part of this investment. However, applications will need to demonstrate clear evidence of the property's and/or land's value.

Works to properties with long leases (for example 125-year leases) will be considered but details will be required about the nature of the lease and who owns the freehold (for example Homes England or another public body). Leases less than 125-years will not be accepted.

Revenue monies provided as part, or all of, the LA element of match funding will not be accepted. This is because it does not contribute to capital funding and would mean DfE is providing 100% capital funding for the bid and is therefore unfair to other bidders.

Grant funding from other government departments, as long as it is capital funding, can be used to support delivery of projects where the conditions of that grant funding allows it.

Successful bids should prioritise spending the DfE element of match funding first ahead of any LA match funding. However, there must be a clear commitment set out in the cost plans for how the LA match funding will be spent along with sources of this funding. It will be a condition of the grant funding that if an LA subsequently does not fulfil this commitment, DfE will have the right to clawback the capital grant funding that has been issued and spent.

9. Evaluation Process and Criteria

Your application will be evaluated via the following process.

Stage 1 – Receipt

Applications will be received by the deadline stated in Table 1.

Stage 2 – Eligibility reviews

The assessment panel will review each application to ensure it is within the scope of this bidding round. Any application not within scope will be rejected and not evaluated further. Examples of reasons for rejecting a bid may include but are not limited to the incorrect cohort benefitting from the bid proposal, the bid is not within the correct timescales for delivery, or the bid does not create additional capacity for the cohort, etc.

Stage 3 – Evaluation

The assessment panel will evaluate each application against the DfE's set requirements. The headings included within this section are listed below. The assessment panel may seek clarifications from the bidder on any part of the application, including Project Need, Planning or Cost.

Each question and section has been allocated a weighting to indicate its relative importance to the subject of this bidding round.

Applications must gain a score of 3 or higher for each question in order to be awarded funding. Bids scoring less than a 3 on any question will be disqualified from the process and will not be eligible for funding.

The apportioned weightings for each of the sections are outlined below.

Project Need 50%, Project Planning 30%, Project Cost 20% (Table 2)

Criteria	Question No.	Question weighting
Project Need	Q1	13%
Project Need	Q2	13%
Project Need	Q3	8%

Project Need	Q4	8%
Project Need	Q5	8%
Project Need Max Total		50%
Project Planning	Q1	6%
Project Planning	Q2	6%
Project Planning	Q3	6%
Project Planning	Q4	6%
Project Planning	Q5	6%
Project Planning Max Total		30%
Project Cost	Q1	5%
Project Cost	Q2	10%
Project Cost	Q3	5%
Project Cost Max Total		20%
Combined Max Total		100%

Responses to the questions set out within the criteria above will be **evaluated on a scale of zero to five**, as detailed below:

(Table 3)

Assessment	Interpretation	Score
Outstanding	The response and evidence provided fully meets the information request and provides demonstrable added value.	5
Good	The response and evidence provided fully meets the information request.	4
Satisfactory	The response and/or evidence provided meets the information request, but <u>minor reservations</u> exist about the quality, deliverability or extent of the evidence provided.	3
Poor	The response and/or evidence provided shows that the information request is met but <u>significant reservations</u> exist about the quality, deliverability or extent of the evidence provided.	2
Unacceptable	Fails to demonstrate and/or provide evidence/sufficient information of an ability to meet a specific requirement.	1
Non-Compliant	Fails to provide the required information and/or does not answer the question.	0

Any application that scores a 2 “Poor” or less on one or more of the questions will be rejected and their application will not be considered any further in the process.

The score awarded for each question/section will be multiplied by the weighting to arrive at a weighted score for that question. The weighted scores will then be added together to give a total weighted score. Final scores will be worked to one decimal place.

Worked example:

(Table 4)

Bid	Criteria	Question No.	Question weighting	Score received	Weighted score
A	Project Need	Q1	13%	5	13
B	Project Need	Q1	13%	3	7.8

Stage 4 – Moderation

In order to make a final selection for successful applications, a moderation meeting(s) will be carried out. The individual scores of the assessors will be considered and reviewed and a consensus score will be agreed by the assessment panel and an independent moderator.

If, upon final moderation, we have more successful applications than the funding available, we will be prioritising bids against the evidence of need. We will base ‘need’ on the proportion of children within a LA that have been, or are at risk of, being deprived of their liberty and have been placed in an unregistered children’s home in the last 12 months (we will ask for the individual numbers and calculate internally). Where a bid has been submitted as part of a consortium, we would expect bidders to provide this data from all the LA areas contained within the bid. An unregistered children’s home is an establishment that provides ‘care’ and accommodation and is not registered with Ofsted. LAs are responsible for obtaining this information and submitting it as part of their bid.

This ‘need’ will be ranked from highest to lowest and distributed into 3 groups: priority 1 (high), 2 (medium) and 3 (low).

Priority 1 applications will be considered first and reviewed in ranking order of their final score out of 100%. If all successful priority 1 projects can be awarded within the funding envelope, we will progress to priority 2 applications and finally onto priority 3.

Please see a worked example scenario with a funding envelope of £40m:

(Table 5)

Bid	Need Priority	Bid Score	Bid Cost	Awarded Y/N	Running £ total (max funding)
Bid A	1	94%	£5m	Y	£5m
Bid B	1	90%	£10m	Y	£15m
Bid C	1	80%	£3m	Y	£18m
Bid D	2	92%	£8m	Y	£26m
Bid E	2	84%	£4m	Y	£30m
Bid F	3	91%	£9m	Y	£39m
Bid G	3	82%	£5m	N	£44m
Bid H	3	78%	£1m	N	£45m

Please note all figures are examples for the purpose of the scenario.

Following the moderation meeting(s), a recommendation will be made on the basis of the consensus agreed by the evaluation team.

Stage 5 – Issue Outcome Letters

Successful and unsuccessful letters will be issued to each bidder.

Stage 6 – Grant Award

Grant determination letters will be drafted and issued for signature.

LA project teams shall prioritise completing and returning annexes required for grant offer letter(s), and subsequently signing and returning DfE grant offer letter(s) to enable timely delivery progress.

10 Project Need

In the ‘Project Need’ section, bidders should supply evidence of their need for this type of provision, and the perceived impact the project will have in addressing this need.

We expect a good bid to have clear written information, and evidence against the below questions. This should include:

- A brief overview of your local existing provision for children with complex needs, as defined in the guidance document, requiring residential care (if any) and an explanation

of why this provision is insufficient to meet this cohort's needs.

We would expect to see evidence of what your current arrangements are for meeting the needs of this cohort of children. This should include data on children deprived of their liberty and where they are placed, including if this is in secure and mental health settings, or unregistered placements (if applicable). We would also like to understand why these current arrangements are unable to meet the needs of this cohort of children.

- Evidence demonstrating how your proposal will enhance outcomes for, and meet the currently unmet needs of, the children in this cohort due to a lack of local provision.

We would expect to see evidence of how this provision will meet the specific needs of children in this cohort, including relevant details on how your provision will resolve local issues that these children face. For example, reducing the use of unregistered provision and/ or out of area placements, where applicable, in your local area.

- The current level of commitment, and plans that are in place, for working with your local health partner/ Integrated Care Board.

We would expect to see evidence of:

- Existing working level agreements between LAs and ICBs.
- How developed the existing relationship between the LA and ICB, and plans to improve this, if required.
- Any joint plans between LAs and ICBs on workforce delivery or other relevant areas.
- Anything else that provides evidence of good partnership working between LAs and ICBs in the local area.

We would expect to see bidders describe, in detail, the collaborative approach between LAs and ICBs which will enable delivery of the appropriate therapeutic care that children in this cohort require. Bidders should outline plans for how the LA and ICB will agree the right support to meet the specific needs of the children placed in the provision, and how the views of clinicians will be at both planning, and delivery stages of the project.

- Evidence of how you will ensure that you are able to recruit and retain in a timely manner the required staff to legally operate this provision in line with the Children's Home Regulations 2015 (England).

We would expect to see details of your workforce strategy, outlining a clear and structured plan for the recruitment and retention of the staff required to operate this

provision. This may include evidence of your staffing model, staff training opportunities, staff support, and how you intend on recruiting regulated roles, such as Registered Manager.

As noted above, in the case of projects that were already planned prior to the announcement of this funding, you will need to provide an outline of the current project, evidence of funding that has already been secured (our assumption is that this funding will continue) and an explanation of what would be different / additional if you were to secure DfE funding.

We encourage bids that plan to open placements as soon as possible but understand this may not be possible in all cases. Bids will not be prioritised by completion end date.

While we would expect any building/capital work to have completed by end March 2029 we are aware registration of staff etc may delay placements being open.

Bids should clearly set out the completion deadlines for a) capital work and b) provision opening for placements. DfE will expect monitoring of the project to continue up until placements begin alongside the required longer-term evaluation of the objectives of the project.

11 Project Planning

Each bid must demonstrate robust project management and regular, accurate reporting schedules. This will be essential throughout the entire grant agreement to monitor delivery, manage risks and issues, and fulfil governance reporting requirements to build and give confidence that the capital project will be completed within the specified time, to the approved cost, and to the required level of quality.

We expect a good bid to set out in the application form:

- How the proposal will comply with the applicable clauses of the [DfE design and quality standards](#), (with particular reference to the MEP standards applicable to residential accommodation set out in Technical [Annex 2F and 2G](#), and the spatial standards for residential accommodation set out in [annex SS1](#)), the [Children's Homes \(England\) Regulations 2015](#), and the [Guide to the children's homes regulations, including quality standards](#), and compliance with the [Building Safety Act \(BSA\) 2022](#).
- The scope and expected capital outcome of the project – this should include the equivalent project design to Feasibility Report and to RIBA Stage 2 Concept Design, demonstrating the number of beds/homes you intend to renovate/expand/build, apply for change of use etc.

- Accepting that the provision is for a residential children's home, how will you support children's safeguarding regarding any connectivity provided in the setting, aligned to the "Online Safety section of the DfE's Keep Children Safe in Education" (KCSIE) Guidance.
- A project plan outlining critical dates and activities to be undertaken to achieve this, the resource required to do so, and how they will work with others to achieve this.
- The project management and reporting arrangements that will be put in place and how often/when these will be updated/reviewed.
- How you will ensure that day-to-day operational management of the project will be of a high quality, conducted professionally against agreed ways of working.
- A risk register – defining specific risks or issues in delivering the proposal and describing the measures that would be put in place to mitigate them.
- How you will meet the Department for Education requirements of monthly management and performance information updates and submission of claims, including a named single point for day-to-day contact.
- For successful bids proposing to purchase a property, we expect to see detailed surveys of properties carried out prior to purchase to ensure that the property is of a sufficient quality and that any significant issues i.e., for example, foundation problems or rotting joists, that may delay projects and/or incur additional / higher costs can be avoided at the earliest possible point in the project.

12 Project Cost

The Department expects all successful projects to demonstrate value for money and provide evidence of cost certainty. Project costs should be within an appropriate cost range for the type of works proposed. Your evidence should include:

- A cost plan (a quantified breakdown of costs) appropriate to the design, size, and scale of the project from either:
 - reports/advice from professional cost consultants; or
 - copies of detailed quantified quotes aligning to project specification from a contractor(s);
- where available, a summary of any tender exercise(s) including a copy of the tender reconciliation; and
- details of procurement route(s) adopted including naming the form of building contract or other contract(s) to be used.

The Royal Institution of Chartered Surveyors defines abnormal costs as those which might be considered as project specific (that is, they are not a 'typical' construction cost) and are classified as such because they tend to have a notable consequence. Examples include asbestos removal, upgrade of services installations, and specialist substructure works. Abnormal costs must be clearly identified and justified. This will assist in the benchmarking of the overall costs.

You should be realistic about the level of risk, contingency and retention (following completion of the works) allowances included in your cost plan. This should be appropriate to the scale and type of the project and the level of work already undertaken to establish price certainty. For example, we expect risk/contingency between 5% and 10% of the total project value - if higher than this range these must be justified in your application. Also, you should take care to avoid duplication of costs i.e., having multiple risk cost allowances and/or including costs in both the cost plan and risk register for the same elements. We expect rigorous scrutiny and challenge of costs by LA project governance to ensure costs are accurate and well and appropriately managed.

Depending on the value of the project, progressional or technical advice may need to be competitively tendered. You should ensure that the fees charged represent good value for money and should not assume that fees at or below 10%, or any 'no-win-no-fee' arrangements, automatically offer good value for money.

You should be aware that if your project is approved in principle only, you cannot accept the Terms and Conditions, and the Department is under no obligation to make payments in those circumstances. Any expenses you, or a third party, have incurred prior to the acceptance of the Terms and Conditions will only be paid where approved for payment by the Department.

The applicant should consider a full total project budget to deliver an operational space ready to operate as a children's home for the purpose intended through this programme and know the project is affordable. The LA/consortium should undertake a stress test of the budget and project plan, assessing affordability if risks should materialise, and be aware of 'optimism bias' when critically analysing the project proposed.

Considering the above, the applicant should present a total fixed cost for their proposal. This should include an explanation of how the project costs and profile have been calculated, and in principle agreements across all parties/consortium members to match-fund at least 50% of the total project capital costs.

Any cost overruns will be at the expense of the LA/consortium

Applications should:

1. Clearly present a total fixed cost for the project.
2. Include explanations in their cost plans of how project costs and profile have been calculated.
3. Breakdown costs by individual lines appropriate to the size and scale of the project and include:
 - i. An outline of what a profile payment schedule will look like against milestones / critical tasks (see Annex B for examples of acceptable/expected profiles).
 - ii. Details of planned procurement route.

- iii. Details or evidence of any savings being made.
- iv. Details of any contingencies.
- v. How value for money will be achieved against the requirements set along with the rationale and clearly evidenced cost calculations.

13 Procurement

Applicants may choose their own procurement route to secure best value for money.

There is no obligation to complete a tender exercise before submitting a bid, but you should set out your planned procurement route and demonstrate how you plan to achieve value for money.

If, at the point of submitting your bid, you are aware of the supplier who will be undertaking the project work, you should provide details of the supplier organisation in section 4 question 3 of the application form. If you are yet to select a supplier and your bid is successful, we require you to inform the Department of the supplier(s) when this is known.

The Department will undertake light-touch due diligence checks on the aforementioned supplier(s) at the point of grant award, however it is expected that the applicant will undertake full due diligence checks (including financial stability, fraud, criminal conviction checks, conflicts of interest) on any supplier contracted to undertake the works.

14 Carbon Reduction Agenda

We will expect to see, where applicable, that projects have engaged with the Government's sustainability and carbon reduction agenda and how they aim to achieve net zero carbon emissions. We do not expect to see detailed plans at bidding stage and will not score this as part of the application, but you should consider as part of your plan:

- a. Formal carbon reduction plans and environmental accreditation standards that you have achieved.
- b. An explanation of how the project supports carbon reduction and/ or maintaining environmental accreditation standards.

Your project design should consider the Building Research Establishment Environmental Assessment Method (BREEAM). We expect both new build and refurbishment projects to be equal to BREEAM 'Very Good' as a minimum. This will be a requirement within grant letter agreements, where relevant.

15 VAT

It is the applicant's responsibility to seek advice on whether VAT is recoverable within the project. Where recoverable by the applicant, VAT should be excluded from the application. If unable to claim back VAT, they should include VAT on the application and provide the supporting evidence.

16 Exit Planning

We expect the bid to set out, at a high level, the exit plans the applicant will follow to complete all capital build elements and spend of all associated Departmental match funding for the project by 31 March 2029 – including updating DfE with completion notifications.

We would expect to see commitment to continue to operate the new provision for an extended period of time of no less than a minimum of 5 years from when placements begin. In situations where the provision is deemed no longer required, consultation with DfE will be required to discuss how DfE funding will be reinvested into the local children services.

You will need to seek our prior written approval from the DfE if you wish to sell, dispose of or otherwise transfer or change the use of any building that was acquired, refurbished, developed and/or improved whether in whole or in part using the grant funding. Any approval may be subject to the satisfaction of certain conditions, including in relation to the application of any proceeds of sale. Where the grant is not used in line with the purposes for which it was awarded and according to the grant terms and conditions we will look to claim back the funding.

17 Application Submission

LAs who wish to submit a bid to the Department should send their completed application to ComplexNeeds.CAPITAL-INVESTMENT@EDUCATION.GOV.UK by **11:59pm on 28 February 2025**.

No extensions to the deadline will be given.

Once you have submitted a bid to the Department you will receive confirmation of this within 1 working day. If you do not receive this, please contact the Department at ComplexNeeds.CAPITAL-INVESTMENT@EDUCATION.GOV.UK to confirm this has been received successfully.

18 Clarification Questions

Any queries or questions regarding the application process should be sent by email to ComplexNeeds.CAPITAL-INVESTMENT@EDUCATION.GOV.UK.

The deadline for questions to be submitted is 48 hours before the closing date: this will be **11.59pm on 26th February 2025**.

Queries and responses will be shared with all potential bidders where applicable unless deemed commercially sensitive (the sender's identity/and any other identifying data will be anonymised).

ANNEX A

Case study - Integrated Health Services: an open children's home delivering care jointly with health teams.

We know that children from this cohort benefit from placements including involvement from health services. We have seen this in provisions developed recently. Joint-funded Ofsted registered children's homes have been created which operate through an integrated health and social care staffing model to care for children from this cohort. This model involves psychiatric support, with health providing a percentage of the funding (between 40-50%) for the overall staffing costs and daily care at the home. One model has a full-time Band 7 Mental Health Registered Nurse (RN) as the deputy with other mental health nurses supporting the home, alongside weekly psychiatry sessions. Through the use of this model, the home avoids costly out of county placements, A&E presentations and the unnecessary use of Tier 4 Mental Health beds. This is because the young person's risk of harm is reduced due to the availability of more intensive integrated support, which seeks to contain and prepare the young person for ongoing therapeutic input from other teams.

Case study - An open children's home with joint health and social care teams and flexible building structure.

Joint working between the local ICB and the LAs can lead to a model of care that meets the needs of this cohort of children which is jointly funded. This can involve onsite psychological support as well as an in-reach community team to enable multi-agency working to plan care and treatment. Homes have successfully designed spaces that can operate as solo provision with the same staffing team or as a larger 2/3 bed home to ensure that children can interact. This flexibility allows for crisis periods to be managed without placement breakdown, reduces use of solo placements and reduces the risk of unused capacity in the home.

ANNEX B

Department for Education expectations on appropriate project lifecycle profiling

Capital delivery project profiles typically follow an 's' curve which provides an established and realistic representation of when and how project costs will materialise across the project lifecycle. Following this approach across the open children's homes capital programme enables us to accurately monitor and report programme performance and spend to HM Treasury to reassure them of progress and spend.

Similarly, we expect LA project teams to manage the project effectively and accurately, and to adjust and report project profiling to the Department in a timely and transparent manner. As such, we will not accept project proposals that include flatline profiles. Profiles that include one-off financial year end profiles will only be accepted with a clear and strong rationale; however, this is not our preference.

The following two case studies below are included for broad illustrative purposes only and do not represent actual projects. The cases studies show expected and acceptable s-curve profiles versus unacceptable flatline and single financial year end profiles.

Open children's home capital profiling example 1

Local Authority X is refurbishing a LA-owned 3-bed house to provide care for children with complex multiple needs. The total project cost is £2.2m and will run from April 2025 to March 2027. Table 6 shows the acceptable and expected s-curve profile for this project. Table 7 shows the unacceptable flatline profile for this project. The Local Authority's (50%) match funding contribution is the value of the property i.e. £1.1m, alongside DfE's 50% (£1.1m) capital match funding. Little, if any, spend will take place at the start of the project being awarded as the project team is being stood up and plans put in place to identify a contractor to take forward the refurbishment. Once the work is underway, spend occurs at a fairly steady rate. Spend will then flatten off as the project nears and reaches completion.

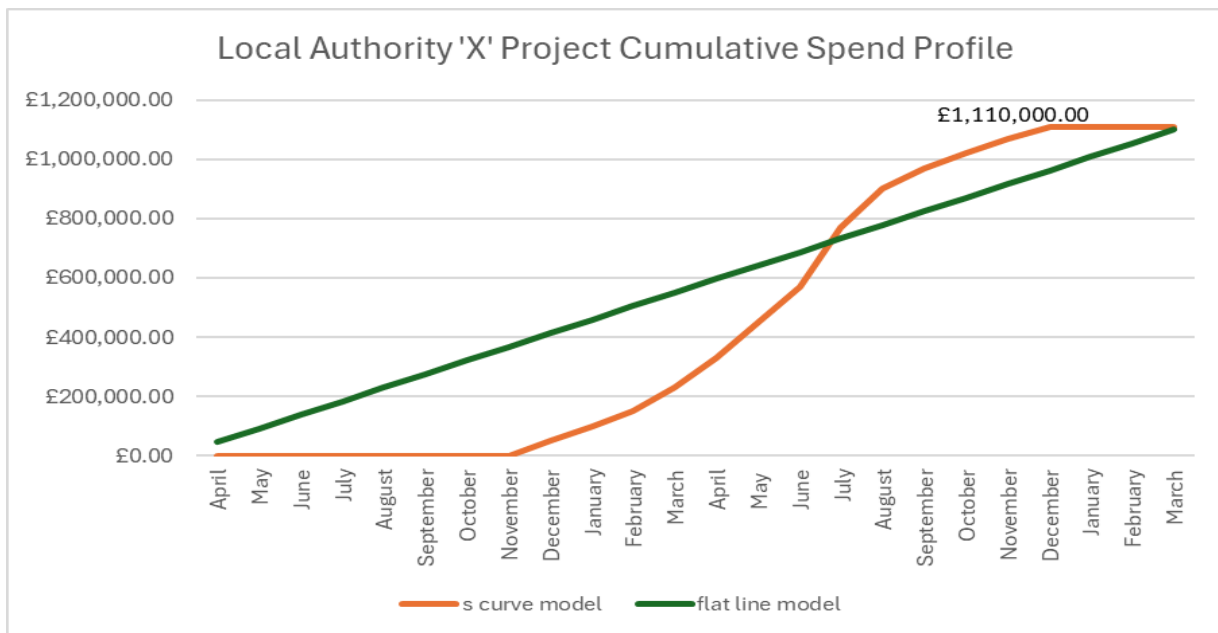


Table 6 – Acceptable s-curve profile

FY 25-26	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
	0	0	0	0	0	0	0	0	50,000	50,000	50,000	80,000	230,000
FY 26-27	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
	100,000	120,000	120,000	200,000	130,000	70,000	50,000	50,000	40,000	0	0	0	880,000

Table 7 – Unacceptable flatline profile

FY 25-26	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
	45,833	45,833	45,833	45,833	45,833	45,833	45,833	45,833	45,833	45,833	45,833	45,833	549,996
FY 26-27	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
	45,833	45,833	45,833	45,833	45,834	45,834	45,834	45,834	45,834	45,834	45,834	45,834	560,004

Open children’s home capital profiling example 2

Local Authority Y is purchasing a 4-bed property to refurbish to provide care for children and young people with mental health needs. The total project cost is £2.4m and will run from April 2025 to September 2028. The property purchase price is £700,000. Table 8 shows the acceptable and expected s-curve profile for this project. Table 9 shows the unacceptable flatline profile for this project. Local Authority Y are providing (50%) £1.2m as the match funding contribution alongside DfE’s 50% (£1.2m) match funding. Little spend takes place in the first 6-months after successfully being awarded DfE funding as the local authority work to identify a suitable property. Over the next several months,

relatively small spend takes place as property surveys costs, planning fees (where applicable) etc are incurred. The property purchase completes in June of the second year and there is a slight pause in delivery spend as the contractor undertaking the refurbishment work is brought on board. Refurbishment works then begin and related spend continues at a regular rate. Spend then flattens off as the project nears and reaches completion.

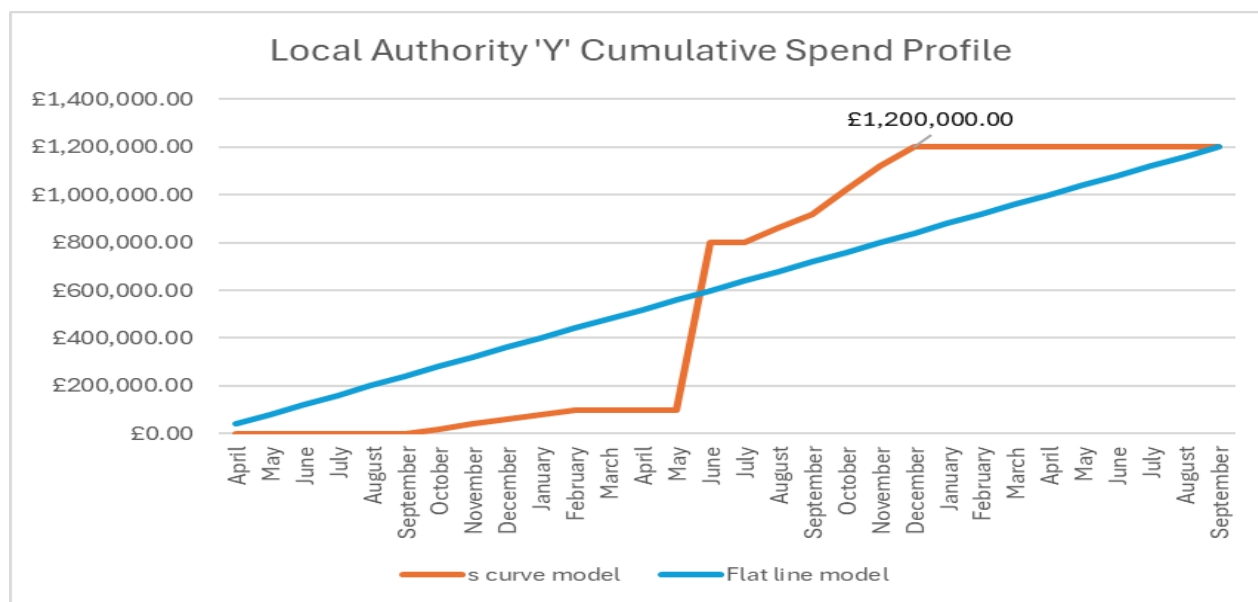


Table 8 – Acceptable s-curve profile

FY 25-26	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
	0	0	0	0	0	0	20,000	20,000	20,000	20,000	20,000	0	100,000
FY 26-27	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
	0	0	700,000	0	60,000	60,000	100,000	100,000	80,000	0	0	0	1,100,000
FY 28-29	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
	0	0	0	0	0	0	0	0	0	0	0	0	0

Table 9 - Unacceptable flat line profile

FY 25-26	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	480,000
FY 26-27	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	480,000
FY 27-28	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
	40,000	40,000	40,000	40,000	40,000	40,000	0	0	0	0	0	0	240,000



Department for Education

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