

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

16/06/2022

Report of the Executive Director - Children's Services

Childrens Home Refurbishment Programme

1. Divisions Affected

1.1 *County-wide*

2. Key Decision

2.1 Key Decision

This is a key decision because it is likely to result in the Council incurring expenditure which is, or savings which are significant having regard to the budget for the service or function concerned (this is currently defined as £500,000) and / or it is likely to be significant in terms of its effect on communities living or working in an area comprising two or more electoral areas in the County.

3. Purpose

Approval is sought from Cabinet to approve the following:

- 3.1 to utilise previously approved £4.686M against the proposed purchase, works and build programme;
- 3.2 to enable the purchase of a property to replace the Solomon children's home, up to a maximum purchase amount of £0.7M;
- 3.3 to enable the purchase of a property to replace the Fairview children's home, up to a maximum purchase amount of £0.5M;
- 3.4 to utilise funding on refurbishments works total estimate costs
 - Replacement Solomon works - £0.6M

- 3.5 to utilise funding on refurbishments works total estimate costs
 - Replacement Fairview works - £1.35M
- 3.6 to develop plans and go ahead with a new build at Glenholme children's home;
- 3.7 to support the conversion of revenue funding to capital funding;
- 3.8 to approve the updated cost estimates for the Spring Cottage children's home of £0.8M; and
- 3.9 to approve £1.25M required in additional borrowings to deliver the scheme of works which will be offset by potential capital receipts of £1.35M.

4. Information and Analysis

- 4.1 Current Childrens home refurbishment programme is at risk of £1M overspend with a current total allocated budget of £4.686M. Previous cabinet reports allocated funding to refurbishment of current property assets and the cost of alternative accommodation for the children during the significant works programme.
- 4.2 The current barriers to timely and efficient delivery of the project are the ability to provide quality homes to our children in care whilst the refurbishment of the existing homes is progressed.
- 4.3 Having explored all other options, a different approach has been identified to deliver this programme of works which can be achieved within the current allocated budget.
- 4.4 This new approach requires the purchasing of two property assets and a new build on land currently owned by Derbyshire. Providing the best and least disruptive option to care for our children during the refurbishment period. This alternative approach delivers the following:
 - 4.4.1 Secure better outcomes for Children in our care, during the works and improved opportunities after the works programme.
 - 4.4.2 Limited disruption and transition during the programme of works for children and staff.
 - 4.4.3 Achievable within currently identified budgets.
 - 4.4.4 Potential future expansion of the number of places available for the Children in care in Derbyshire for the future which may create significant cost avoidance in the future.
- 4.5 The four homes currently requiring full and significant refurbishment; Spring Cottage, Glenholme, Solomon and Fairview, currently provide 16 beds for children in care in Derbyshire.
 - 4.5.1 The refurbishment and capital requirements were reported to cabinet on the 21 January 2021 (£2.74M Capital) and 24 January 2022 (£1M Capital). Revenue funding to support the programme delivery and

alternative accommodation costs were reported to cabinet 24 January 2022 (£0.946M Revenue). Providing a total budget of £4.686M to the refurbishment programme.

4.5.2 The current programme of refurbishment and re-design follows significant service review and internal consultation to ensure best value and service delivery fit for future demands.

4.6 Recently it was identified that all new and homes undergoing significant refurbishments required the installation of sprinkler systems to meet current health and safety requirements identified following significant tragedies such as the Grenfell disaster. An additional £1.075M funding will be required to deliver on these requirements, therefore putting the current programme budget at risk of £1M overspend.

4.6.1 The table below identifies capital plus revenue funding for each home, comparing the original approved budget against the current estimates (including sprinkler system costs), demonstrating the £1M overspend risk. Contingency for increasing materials costs is already absorbed and current figures are based upon competitive tender for the works.

	Original Approved Budget	Current Estimates
Solomon House	£ 1,476,000.00	£ 1,776,000.00
Fairview	£ 554,000.00	£ 1,229,000.00
Glenholme	£ 1,254,000.00	£ 1,809,000.00
Spring Cottage (Grinlow)	£ 402,000.00	£ 757,000.00
Childrens Homes Alterations	£ 1,000,000.00	
Total	£ 4,686,000.00	£ 5,571,000.00

4.7 Another significant challenge for this programme is the provision of alternative accommodation for children and staff during the works. Works include for example re-wiring and plumbing, therefore cannot be completed with the home occupied. Planning is underway to mitigate the disruption these works will cause, including children and staff having to move house twice, living in the alternative home for up to a year, moving away from friends, family and potential impact on travel arrangements and attendance of education settings. Following an extensive search of alternative accommodation options, no suitable properties have been identified. The search included all potential Derbyshire assets, local district authority partnerships, holiday lets, partnership with private children's home providers.

- 4.8 Originally purchasing a different property was dismissed due to the complexity of aligning approvals and budgets with a fast-paced buyers' market. This option was reviewed again in May 2022 due to the escalating costs of the programme and ongoing challenges and risks in identifying alternative accommodation. The outcome of the recent investigations is the identification of appropriate new property assets, which will ensure outcomes for children in care are least disrupted, provide better value financially within current budget whilst achieving all the necessary high standards.
- 4.8.1 The new proposal is to purchase two alternative homes, one for Solomon in Buxton and one for Fairview in Chesterfield and build a replacement to Glenholme within the current asset grounds.
 - 4.8.2 This proposal is all dependent upon being agile enough within the current property market and all appropriate registrations, applications and approvals. It is therefore planned that all options remain active until certainty is agreed for each individual home.
 - 4.8.3 Approval is required to deliver this alternative option within currently identified budget, recognising the change in intention from initial cabinet reports.
- 4.9 **Solomon**, a suitable alternative property purchase has been identified within reasonable distance from the current home, all bedrooms are en-suite and of similar style to Solomon. Current asking price £700,000, total estimated cost £1.3M
- 4.9.1 Only minor works will be required to ensure it meets children home standards.
 - 4.9.2 Sprinkler works will be scheduled for the purchased asset when the home has any future significant refurbishment works (estimated 15-20years), all necessary upgrades to the current fire system will ensure compliance to the current policy.
 - 4.9.3 Any works to the home can be completed before children and staff move into their new home.
 - 4.9.4 Children and staff will be relocating only a short distance which will ensure limited disruption to friends and family groups and no impact upon where children are educated.
 - 4.9.5 Additional opportunities have emerged i.e. the house has potential to convert a garage space into semi-independent living facilities which will improve the offer of service to our children in care, pending necessary approvals.
- 4.10 **Fairview**, current plans included a significant extension to realise the utilisation of a 4th bedroom. The alternative identified already has enough bedrooms to realise four en-suite children's bedrooms as well as significant external space. Current asking price £500,000, total estimated cost £1.85M.

- 4.10.1 Refurbishment works will be concluded before the children and staff move in.
- 4.10.2 The works will include the addition of a sprinkler system.
- 4.10.3 Current outbuildings could be developed into semi-independent units.
- 4.10.4 Children and staff will be relocating only a short distance which will ensure limited disruption to friends and family groups and no impact upon where children are educated.
- 4.10.5 Significant outdoor space.
- 4.11 **Glenholme**, already has a large unused plot of land which following the necessary approvals could be developed. Total estimated build cost £2.03M.
- 4.11.1 The new build will enable the home to be built to meet high quality future service demands.
- 4.11.2 Within the grounds of Glenholme a garage is already under investigation to convert into semi-independent living facilities.
- 4.11.3 The home will be purpose built and include sprinkler systems.
- 4.11.4 Children and staff will be relocating to a new build on the same plot as the current home so there will be no disruption to friends and family groups and no impact upon where children are educated.
- 4.12 **Spring Cottage** will continue to be developed as currently planned, current estimated cost £0.757M.
- 4.12.1 The home provides emergency accommodation and so moving to alternative accommodation will only impact upon staff during the works.
- 4.12.2 The specific benefits of the location of the home have been challenging to identify elsewhere, as such refurbishment to proceed as planned.
- 4.13 The table below sets out a total budget requirement for the revised proposals of £5.967M to realise all works identified above including sprinkles and the additional three semi-independent living beds.
- 4.14 The revised proposal would require an additional Capital Budget of £1.25m (requested as part of this report) However; this proposal could realise future Capital Receipts from the sale of Solomon, Fairview and Glenholme (property only not full asset) which are currently estimated at £1.35m.

	Original Approved Budget	Revised Proposal	Additional Budget Required
	£	£	£
Solomon House	1,476,000	1,300,000	-176,000
Fairview	554,000	1,850,000	1,296,000
Glenholme	1,254,000	2,030,000	776,000

Spring Cottage (Grinlow)	402,000	756,800	354,800
Childrens Homes Alterations	1,000,000		-1,000,000
	4,686,000	5,936,800	1,250,800

Potential Future Capital Receipts		1,350,000
Overall Cost		4,586,800

The original proposals have an estimated cost of £5.571m with no option to realise future capital receipts, therefore the revised proposals offer the lowest overall cost-effective option on the assumption that capital receipts are realised in the future.

4.15 Semi-independent beds and cost avoidance

4.15.1 The development of semi-independent beds provides a new opportunity and supported independence facilities for our children homes to help our children in care as they transition over to independent lives, within a supportive environment. This additional three bed capacity within Derbyshire's children homes could enable cost avoidance of up to £0.546M per year.

4.15.2 Developing Fairview in a functional four bed home rather than three bed could enable cost avoidance of up to £0.273M per year.

4.15.3 The new proposal therefore delivers a cost avoidance of £0.82M per year, providing a return on total asset investment of 5.6 years.

4.15.4 Cost avoidance is based upon the average current market weekly cost of an external bed of £5253.23 per week (6 May 2022), this rate has increased by almost £400 in the last three months.

5. Consultation

5.1 Childrens Home vision review 2021/2022

The programme of work has considered a wide range of stakeholder views through vision workshops, Childrens home board group discussion, and engagement with each home operational team. Discussions were to ensure the refurbishments enabled improved outcomes and opportunities for the children, long term potential for the home and ensured best value. Early 2021 the Childrens Home review identified the national trend towards smaller homes. Key findings identified the changing demand and needs profile in Derbyshire:

- Increased complexity of need and behaviours being manage in the homes.
- Increasing mental health issues.
- Contextual safeguarding issues - criminal exploitation and child sexual exploitation

- Placement of vulnerable children together.

5.2 Improvement and Scrutiny Committee is being consulted request for approval to urgent decision and waive 28-day notice (see appendix). To enable an offer on the properties to secure them for the council.

6. Alternative Options Considered

6.1 Alternative accommodation options investigated included utilisation of assets within the Derbyshire estate including disposals, partnership with district authorities, lease larger properties, use of holiday lets, partnership with private children home providers in Derbyshire. All options resulted in no satisfactory solution.

6.2 Different options have been investigated with regards to each home to ensure best value, these included closure of the home, extension possibilities, refurbish or re-design or redevelop, purchase alternative property or build a replacement property.

6.3 Do nothing, continues the current programme as planned which includes the known budget risk of £1M due to the additional inclusion of sprinkler systems. Current budget has no further contingency for increasing costs of works and additional expenditure if required to utilise Derbyshire teams rather than competitive tender for the works.

7. Implications

7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

8. Background Papers

8.1 Capital Funds:

21 January 2021 Children's Home Refurbishment £2.740m

<https://democracy.derbyshire.gov.uk/documents/s5822/4d%20Capital%20Prog%20Approvals%20Treasury%20Mgt.pdf>

The Council has a legal obligation to provide children's home accommodation which is fully compliant to current statutory requirements. Residential accommodation with sleeping accommodation is the highest risk category of accommodation.

Refurbishment works are required at four children's homes, in order to bring them up to current standards, with sprinklers being installed in two homes. The four homes are Spring Cottage Grinlow, Glenholme, Fairview and Solomon House Buxton. The scope of works for each home has been defined as the result of feasibility studies in 2019-20. The works are programmed to take place on site between June 2021

and February 2024. The homes will be vacated in turn to allow the works to take place. The projects are planned to be undertaken consecutively, in order to minimise the requirements for alternative accommodation.

8.2 24 January 2022 Children's Homes – Alterations £1.000m

<https://democracy.derbyshire.gov.uk/documents/s12409/Capital%20Programme%20Approvals%20Treasury%20Management%20and%20Capital%20Strategies.pdf>

Four of the Council's children's homes are currently under refurbishment but as part of the planning and design work, it has been established that there are alterations needed to ensure that the homes provide the modern, fit for purpose facilities to tie in with the service provided by the Council. The alteration of three of the four homes would ensure that the current demands could be met and provide high quality support for the children in care.

8.3 Revenue funds, 24 January 2022 Temporary Alternative Children's Homes Accommodation During Refurbishment or Replacement - £946,000 one-off contingency

<https://democracy.derbyshire.gov.uk/documents/s12408/Revenue%20Budget%20Report%202022-23.pdf>

Revenue funding is needed to support essential capital works on some Council children's homes, with temporary closures to enable essential refurbishment at four children's homes and the rebuild of a short breaks home. The revenue funding will cover relocation and the costs of temporary accommodation for the children and staff. This amount will be held in one-off contingency budgets until the cost is known.

9. Appendices

9.1 Appendix 1 – Implications

9.2 Appendix 2 - Improvement and scrutiny panel application

10. Recommendation(s)

That Cabinet approves the following:

- a) The additional Capital Budget requirement of £1.250m as set out in paragraph 4.14.
- b) The current identified revenue and capital totalling £4.686M to be utilised against the purchase, building and works of the proposed alternative assets to replace, Solomon, Fairview and Glenholme:

- Solomon, replacement purchase and works - £1.3M
 - Fairview, replacement purchase and works - £1.85M
 - Glenholme, new builds - £2.03M
- c) The purchase of a property to replace Solomon to a maximum amount of £0.7M.
- d) The purchase of a property to replace Fairview to a maximum amount of £0.5M.
- e) To authorise spends on refurbishments works total estimate costs
- Replacement Solomon works - £0.6M
- f) To authorise spends on refurbishments works total estimate costs
- Replacement Fairview works - £1.35M
- g) To authorise spends on new build for Glenholme replacement £2.03M
- h) The transfer of the £0.946M approved revenue budget over to Capital to facilitate the proposal
- i) The continuation of works to Spring Cottage with an updated budget value of up to £0.8M

11. Reasons for Recommendation(s)

- 11.1 Investigation to continue developing this new proposal whilst also maintaining currently agreed plans in case of changes in the current property market or approval for the new builds not being granted by planning.
- 11.2 Approval for current funding identified within attached cabinet reports £4.686M. Funding to be utilised to deliver the new proposal which provides outcomes that exceed the previous refurbishment programme with reduced impact on the children in care and staff as well as generating a potential cost avoidance of up to £0.82M per year.
- 11.3 Enable funding to be transferred between identified budget codes.
- 11.4 Revenue funding will require movement over to capital funding this is currently estimated to be £600,000, Cabinet to provide approval for this funding to be moved as appropriate pending necessary officer approvals to enable the programme to achieve its objectives.
- 11.5 Cabinet to recognise the increase to cost to complete works at Spring Cottage and increased budget and the vital / specialist role this service provides to our children in care.

12. Is it necessary to waive the call in period?

Yes, it is necessary to waive the call-in period as the decision is urgent and any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public interest. Councillor Tony Kemp, Chair of Improvement and Scrutiny Committee is currently reviewing the application to waiver of the call-in period and agreed both the decision

proposed is reasonable in all the circumstances and that it should be dealt with as a matter of urgency, see appendix 2.

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Implications

Financial

- 1.1 The revised proposals require an additional Capital Budget approval of £1.250m, however these proposals do provide an opportunity for future Capital Receipts on the sale of the existing assets, which would be the most cost-effective option overall. There remains a risk that Capital Receipts would not be realised in the short term, however the authority would still retain ownership of these assets which could be sold at some point in the future or put to alternative use.
- 1.2 Financial comments have been provided as part of this report in sections 4.13 to 4.14.

Legal

- 2.1 Further approvals will be required for the acquisition of the two replacement sites for Solomon and Fairview respectively and the new build at Glenholme.
- 2.2 Any contracts that are awarded in connection with the proposals outlined in this report must be in accordance with the Council's Standing Orders relating to Contracts and its Financial Regulations.

Human Resources

- 3.1 New proposal will have reduced impact on staffing during the works, but necessary policy will be followed when the home transfers to its new locations for Solomon, Fairview and Glenholme. At the appropriate time staff will need to be consulted on the proposed variation to their contracts of employment in respect of the permanent change to their base location and, if applicable, excess mileage may be claimed for a maximum of 3 years after the date of transfer to support staff in managing the change.

Information Technology

- 4.1 Relevant support for the refurbishment works will align with the new proposals.

Equalities Impact

- 5.1 Relevant consideration has been completed whilst developing the current and this proposal.

Corporate objectives and priorities for change

- 6.1 High performing, value for money and resident focused services, maintaining high quality, effective, value for money services to our children in care across Derbyshire.
- 6.2. Ensured the children and young people we look after, live in safe, secure and loving homes that support them to be the best they can be.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 Policy and procedures will be followed as required to deliver the programme of works.

Appendix 2

THIS IS TO BE USED WHERE A KEY DECISION HASN'T BEEN INCLUDED IN THE FORWARD PLAN AND NEEDS TO BE MADE IN THE NEXT 5 DAYS

Request for approval to consider a key decision without 28 days' notice being given under the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012 – Regulation 11

To the Chairman of the Improvement and Scrutiny Committee - People

Approval is sought to consider the following Key Decision, which has not been published 28 clear days in advance in accordance with regulation 9 of the above Regulations, on 16 June 2022 by Cabinet.

Title of Report: Childrens Home Refurbishment Programme

Urgent decision and approval required to purchase two replacement property assets and investigate the building of a new property asset.

Reasons why the decision is urgent and cannot reasonably be deferred:

Current programme agreed by cabinet 21 January 2021 and 24 January 2022 supports the refurbishment of four children's homes in Derbyshire.

Key challenges for the programme have been the following.

- Identification of alternative accommodation for the children and staff to move out of the homes during the extensive refurbishment works, which will take up to a year. Following extensive investigation, no suitable accommodation has yet been identified.
- Limiting the impact of the move to temporary accommodation on our children in care well-being, staying close to friends, families and education setting.
- Limiting the cost of staff travel between home base and temporary accommodation.
- Increasing costs of materials and works since Covid.
- Ensuring the programme of works delivers improved outcomes for children in care, high quality service delivery, adaptation to future service demands and best value.

Recently it was identified that to implement health and safety policy would require all homes that are new or going through significant refurbishment will require the addition of a sprinkler system. The financial risk to implement this within our current four property assets puts the programme at risk of an additional overspend of £1M with a current budget of £4.686M.

Recent investigations have identified two properties that could be purchased and a new build opportunity on a Derbyshire asset. Enabling completion of any necessary works to deliver high quality future proofed children's home services, that meet all required standards and policy. Without the disruption to children and staff and within current budget.

The newly identified proposal exceeds the outcome achievable by the current programme of works for Children in our care, best value service delivery and potential annual cost avoidance.

In order to develop the programme in this innovative way we require to utilise the capital and revenue funding previously identified £4.686M to deliver better outcomes for our children in care with new property assets which ensure service delivery if more adaptable to future pressures and needs. Significantly reducing the impact upon children in our care and staffing. This alternative strategy also has potential of annual cost avoidance of £0.8M.

We require the ability to be agile with this key decision, to enable an immediate response to the property market and fully develop the implementation of this new proposal within current identified budget. The risk of any further delay being others purchase the properties before we are able to respond and works have to continue as planned with the identified financial risks, levels of disruption to children in care and the challenging identification of alternative accommodation.

Lead Officer: Robert Hayward, Programme Manager, Childrens Services
(on behalf of Alison Noble)

Date: 01 06 2022

Decision of Improvement & Scrutiny Committee Chair – Councillor #name#
<input type="checkbox"/> Approved for reasons set out above <input type="checkbox"/> Refused for the following reasons: #insert reasons#

Signed..... Date.....

Request for approval to waive the call-in period under the Improvement and Scrutiny Procedure Rules

To the Chairman of the Improvement and Scrutiny Committee - People

Approval is sought to waive the call in period in respect of the following decision to be made on 16 June 2022 at the meeting by Cabinet so that it can be implemented immediately.

Title of Report: Childrens Home Refurbishment Programme

Urgent decision and approval required to purchase two replacement property assets and investigate the building of a new property asset.

Reasons why the decision is urgent and why a delay caused by the call in period would seriously prejudice the Council's or the Public interest:

Current programme agreed by cabinet 21 January 2021 and 24 January 2022 supports the refurbishment of four children's homes in Derbyshire.

Key challenges for the programme have been the following.

- Identification of alternative accommodation for the children and staff to move out of the homes during the extensive refurbishment works, which

will take up to a year. Following extensive investigation, no suitable accommodation has yet been identified.

- Limiting the impact of the move to temporary accommodation on our children in care well-being, staying close to friends, families and education setting.
- Limiting the cost of staff travel between home base and temporary accommodation.
- Increasing costs of materials and works since Covid.
- Ensuring the programme of works delivers improved outcomes for children in care, high quality service delivery, adaptation to future service demands and best value.

Recently it was identified that to implement health and safety policy would require all homes that are new or going through significant refurbishment will require the addition of a sprinkler system. The financial risk to implement this within our current four property assets puts the programme at risk of an additional overspend of £1M with a current budget of £4.686M.

Recent investigations have identified two properties that could be purchased and a new build opportunity on a Derbyshire asset. Enabling completion of any necessary works to deliver high quality future proofed children's home services, that meet all required standards and policy. Without the disruption to children and staff and within current budget.

The newly identified proposal exceeds the outcome achievable by the current programme of works for Children in our care, best value service delivery and potential annual cost avoidance. In order to place an offer on the identified properties we require the ability to be agile and therefore request to waive call-in, the risk being others take up the properties and works have to continue as planned with the identified financial risks, levels of disruption to children in care and the identification of alternative accommodation.

Lead Officer: Robert Hayward, Programme Manager, Childrens Services
(on behalf of Alison Noble)

Date: 01/06/2022

Decision of Improvement & Scrutiny Committee Chair – Councillor #name#
<input type="checkbox"/> Satisfied the call-in period can be waived because the decision proposed is reasonable in all the circumstances and it should be dealt with as a matter of urgency for the reasons set out above.

Not satisfied that the call-in period can be waived. The decision can only be implemented at the expiry of the call-in period.

Signed.....

Date.....