



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

16 June 2022

Report of the Executive Director - Children's Services

Children's Home Refurbishment Programme
(Children's Services and Safeguarding)

1. Divisions Affected

1.1 County-wide

2. Key Decision

This is a key decision because it is likely to result in the Council incurring expenditure of over £500,000 and is likely to be significant in terms of its effect on communities living or working in an area comprising two or more electoral areas of the County.

3. Purpose

3.1 A different approach has been identified in response to a number of key risks identified, potential £1M overspend recently identified and no alternative accommodation to home our children in care during works to the properties. The proposal for approval resolves the £1M overspend risk and mitigates the need for alternative accommodation. Services are able to maximise this new opportunity to deliver improved outcomes for children in care as well as support their transition to independent living with minimum disruption to children and staff.

Approval is sought from Cabinet to approve the following:

- to utilise previously approved £4.686M against the proposed purchase, works and build programme;

- to enable the purchase of a property to replace the Solomon children's home, up to a maximum purchase amount of £0.7M;
- to enable the purchase of a property to replace the Fairview children's home, up to a maximum purchase amount of £0.5M;
- to utilise funding on refurbishments works total estimate costs
Replacement Solomon works - £0.6M
- to utilise funding on refurbishments works total estimate costs
Replacement Fairview works - £1.35M
- to develop plans and go ahead with a new build at Glenholme children's home;
- to support the conversion of revenue funding to capital funding;
- to approve the updated cost estimates for the Spring Cottage children's home of £0.8M; and
- to approve an additional £1.25M required to deliver the proposals which will be funded by borrowing in the short term, the proposal could also release current assets for disposal and realise 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:
- Secure better outcomes for Children in our care, during the works and improved opportunities after the works programme.
 - Limited disruption and transition during the programme of works for children and staff.
 - Achievable within currently identified budgets.

- 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.
- 4.6 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.
- 4.7 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.
- 4.8 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.
- 4.9 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

- 4.10 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.
- 4.11 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.
- 4.12 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.
- 4.13 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.
- 4.14 Approval is required to deliver this alternative option within currently identified budget, recognising the change in intention from initial cabinet reports.
- 4.15 **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. Only minor works will be required to ensure it meets children home standards. 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.

Any works to the home can be completed before children and staff move into their new home. 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. 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.

- 4.16 **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. Refurbishment works will be concluded before the children and staff move in. The works will include the addition of a sprinkler system. Current outbuildings could be developed into semi-independent units. 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. There is significant outdoor space.
- 4.17 **Glenholme**, already has a large unused plot of land which following the necessary approvals could be developed. Total estimated build cost £2.03M. The new build will enable the home to be built to meet high quality future service demands. Within the grounds of Glenholme a garage is already under investigation to convert into semi-independent living facilities. The home will be purpose built and include sprinkler systems. 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.
- 4.18 **Spring Cottage** will continue to be developed as currently planned, current estimated cost £0.757M. The home provides emergency accommodation and so moving to alternative accommodation will only impact upon staff during the works. The specific benefits of the location of the home have been challenging to identify elsewhere, as such refurbishment to proceed as planned.
- 4.19 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.
- 4.20 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. Depending on final financial position at the end of the programme and consideration of conclusions from the ongoing sufficiency review. Some of the assets may not be sold for capital receipt in order to expand and improve our in house provision to reduce the need for external provision. Any future decisions will form a separate paper to the appropriate cabinet member or cabinet.

	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)
Potential Net Cost		4,586,800

The table above shows the cost of the new proposals are £1.25m more than the initial refurbishment project, however the new proposal may result in current assets becoming available for disposal. These assets have a current value of £1.35m which is in excess of the additional borrowing required. The table below shows the net effect of the project if capital receipts are realised in the short term, however it should be noted that if the assets are not sold in the short term there will be a revenue cost associated with the additional borrowing which will reduce the net effect of the proposals which is current in the region of £31k per annum, which would need to be identified by the department.

The original proposals have an estimated cost of £5.571m with no option to realise future capital receipts.

4.21 Semi-independent beds and cost avoidance. 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. The proposed properties have significant grounds to expand and develop other provision to support our edge of care services, supporting our children in care to be more independent, whilst also freeing up bed sin the home, reducing our need for external

placements. This additional three bed capacity within Derbyshire's children's homes could enable cost avoidance of up to £0.546M per year. Developing Fairview in a functional four bed home rather than three bed could enable cost avoidance of up to £0.273M per year. The new proposal therefore delivers a cost avoidance of £0.82M per year, providing a return on total asset investment of 5.6 years. 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.
- 7.2 There are risks to missing this opportunity upon the overall budget. If the properties are not acquired or build permission not granted, alternatives will be investigated. If no suitable alternatives are identified the current home will have to be refurbished as per original report to cabinet along with known risks to budget and alternative accommodation challenges.

8. Background Papers

- 8.1 **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 - Notices to Scrutiny Chair for waiver of call in and providing 28 days notice for key decision

10. Recommendations

That Cabinet approves the following:

- a) The additional Capital Budget requirement of £1.250m which will be funded by borrowing 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.

Report Author:	Jina Hames, Robert Hayward, Alison Noble	Contact details:	alison.noble@derbyshire.gov.uk
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Implications

Financial

- 1.1 The revised proposals require an additional Capital Budget of £1.250m which has been presented for approval as part of this report and will be funded by additional borrowing. The proposals may also provide an opportunity for future Capital Receipts with a current value of £1.35m if they are identified as being surplus to requirements. If the assets are disposed of in the short term the revised proposals would offer the most cost-effective option whilst also meeting service delivery requirements.
- 1.2 There is a risk that the assets cannot be disposed of in the short term, whilst the authority would still retain ownership of these assets which could either be utilised for future service delivery or be disposed at some point in the future there would be a revenue cost associated with the additional borrowing required of around £31k per annum. If Childrens services decide to retain these assets for future use the department would need to identify the additional revenue funding required.
- 1.3 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.
- 2.3 As a matter of good practice the regulator (HMI Ofsted) for Children's Services residential accommodation should be appraised of the proposed arrangements and confirm that they have no objection to the proposals.

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.
- 5.2 Full EIA is in development to collate all considerations so far including consideration of care plans to limit the impact of transition between homes. Report will be provided within any further report to cabinet.

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.

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 is 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 Kemp
<input checked="" type="checkbox"/> Approved for reasons set out above <input type="checkbox"/> Refused for the following reasons: #insert reasons#

Signed.....Councillor Kemp..... Date.....8 June 2022.....

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 Kemp

<p><input checked="" 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.</p>
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<p><input type="checkbox"/> Not satisfied that the call-in period can be waived. The decision can only be implemented at the expiry of the call-in period.</p>
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Signed.....Councillor Kemp..... Date.....8 June 2022.....