

Ms Lucy Butler, Executive Director, Children, Young People and Learning	Ref No: OKD09 (20/21)
May 2020	Key Decision: Yes
Remodelling of May House, Worthing and Seaside Children's Home, Shoreham	Part I
Report by Assistant Director, Corporate Parenting	Electoral Divisions: Northbrook Shoreham South

Summary

The children's in-house residential service is made up of six homes, of which three, including Seaside and May House, are currently closed and awaiting refurbishment whilst feasibility studies and design work have been undertaken.

A strategy for the in-house residential service was approved by the Cabinet Member for Children and Young People in October 2019 (decision reference [CYP03\(19/20\)](#)). This included a proposal to re-open Seaside and May House with a revised delivery model.

In order to implement this proposal, Seaside and May House will be remodelled, ensuring the most efficient use of the existing footprint of the homes whilst maximising the potential service offering of the sites. Designs have been developed from which the following services for children will be delivered;

For Seaside children's home;

- The main building will be used to provide support to children and young people on the 'edge of care' for short periods rather than full-time placements
- The main building will include 5 ensuite bedrooms, inclusive of 1 staff sleep-in room
- The bungalow will have two self-contained flats with communal areas and will be utilised to provide training for independence for young people aged 16 and above

For May House children's home;

- The home will provide emergency placements of up to 28 days to facilitate appropriate assessments, particularly for those young people with complex needs who require support to divert them away from secure care
- The home will have 4 ensuite bedrooms, inclusive of a staff sleep-in room

West Sussex Plan: Policy Impact and Context

The strategy for the residential service seeks to ensure that outcomes for vulnerable children are maximised and that long-term care costs are minimised, in line with the Council priorities of giving children the best start in life and creating a council that works for the community. It is essential that the assets that enable support to children are redeveloped in order to support the delivery of this strategy as a part of the wider 'children first' improvement plan being driven forward by the Council.

Financial Impact

This proposal will make available places for children that were lost when the home closed in 2018. Since closure, the Council has continued to pay the costs associated with maintaining the homes, whilst purchasing external placements at additional cost that would otherwise have been made to Seaside and May House.

Recommendations

That the Executive Director Children, Young People and Learning commences a procurement process to appoint a contractor to undertake the remodelling of both Seaside and May House children's homes.

Proposal

1. Background and Context

- 1.1 Residential homes have an important place in the wider strategy for how children with social care needs are supported. They form an important tool, alongside other types of placement, to secure the best outcomes for children and to reduce the financial and social costs that can occur when children are on the edge of care, transitioning into adulthood and when they are looked after.
- 1.2 In 2018, the Council's Seaside children's home was closed following an inadequate inspection from Ofsted. Prior to this, the home provided care for children with emotional and behavioural difficulties aged between 10 and 18. Subsequently, a review of all children's homes operated by the Council was undertaken in order to develop a strategy for the service. During this process, an internal decision was made to close two further Council-operated homes; May House and Cissbury Lodge.
- 1.3 In October 2019, the Cabinet Member for Children and Young People approved the strategy for the in-house residential service and the proposals to implement it. The strategy recommended maintaining the service's

existing estate whilst seeking to specialise in terms of the support that it delivers to children. This would enable the council to;

- Focus on supporting children with the most complex needs,
- Innovate with models that keep children from becoming children looked after (CLA) or going into longer-term residential services,
- Retain control of its stock, which would support the shaping of the market,
- Better utilise the existing estate and buildings,
- Retain flexibility to accommodate the highest costing children whilst also offering new, innovative models,
- Retain control and therefore respond more quickly to meet a changing demand in the market if required, and
- Maintain a level of insulation from the impact of any provider failure in the external market

1.4 From the analysis undertaken to develop the strategy, the following four key principles were established, creating a strategic framework which formed the basis of proposals for the future of the service;

- Use in-house services to support the most vulnerable and complex children, whilst also providing an offer to children who are on the 'edge of care',
- Seek to maximise outcomes for children by keeping them in or near to their homes and communities whenever this is appropriate and safe,
- Provide a flexible service that can respond effectively to the wide range and high level of need in the most complex cohort of children, and
- Make the best use of resources through utilising innovative service models to move away from 'traditional' high-cost long-term placements towards a more comprehensive service that 'wraps around' the child, including short breaks and outreach work in communities

1.5 A feasibility study and surveys were undertaken in 2019, the key findings of which will be addressed through the proposed works.

1.6 The key findings for Seaside were;

- Both main house and bungalow are in much need of a repair and renovation throughout,
- Both internally and externally the buildings lack the feel of a home for children; there are privacy issues, with residential homes overlooking both the grounds and the building on multiple sides,
- The bungalow cannot sleep children as it currently does not meet fire regulations,

- The home has too many rooms for the number of allocated staff and in instances when all rooms were used the home struggled to cope with the demand, and
- There is the potential to make better use of the space to house an appropriate number of children in the main building, whilst looking to repurpose the bungalow to provide other separate support

1.7 The key findings for May House were;

- The site is relatively small with little room for expansion,
- Although the building is relatively new, there are some issues with the property including overheating during the summer months,
- The building itself sustained damage in the final months prior to closure due to the placement there of children not appropriate for the setting, leaving repair work required in some areas,
- The property feels cramped and lacks the home-like feel which would be in keeping with its purpose, with multiple small rooms scattered throughout with little light allowed in,
- The external courtyard area is completely paved over and walled in and lacks furniture, equipment or green space, with privacy issues from overlooking buildings on at least one side

1.8 Subsequent to the feasibility stage, design was undertaken led by the Council's multi-disciplinary consultant (MDC). Based on this, a full business case was submitted to Asset Hub and Capital and Assets Board (CAB) in Feb 2020, with a total of £2.728m now approved from the capital programme for these homes (£0.982m for May House and £1.746m for Seaside).

1.9 A decision to procure a contractor to undertake remodelling works to the third closed home, Cissbury Lodge, was taken in March 2020 (decision reference [OKD42 \(19/20\)](#)).

1.10 Throughout this process, the remaining three Council-operated children's homes, Orchard Lodge, Teasel Close and High Trees, have remained open, with 'outstanding', 'good' and 'good' Ofsted ratings respectively.

2. Proposal Details

2.1 For Seaside, using the current footprint of both buildings, the first floor of the main building will be reconfigured to contain 5 en-suite bedrooms, inclusive of a staff sleep-in room. The purpose of the main building will be to provide care to children and young people on the 'edge of care' for short periods rather than full-time placements. The bungalow will have two self-contained flats with communal kitchen and laundry areas and will be utilised to provide training for independence for short periods for young people aged 16 and above. Refurbishment will take place throughout, including removing the

internal polyester ceiling tiles and utilising cladding on the external walls to improve the look and feel of the building. Landscaping, including fencing and tall planters, will be utilised to the rear of the building in order to solve some of the privacy issues from the surrounding estate.

- 2.2 For May House, working within the current footprint of the building, the intent is to reconfigure the rooms on the first floor into 4 more spacious en-suite bedrooms, inclusive of a staff sleep-in room. The large dining/living room space will be divided in two to create separate, more homely dining and communal living spaces. Externally, garden furniture and raised planters and shaded areas will be used to improve the space and mitigate against the privacy issues. Refurbishment will also take place throughout, including replacement of windows and doors, and the whole design will take in to account the intended client base which will predominantly be teenagers placed at short notice from very complex and vulnerable situations.
- 2.3 The reopening dates for both homes are currently projected to fall within the period Feb to Mar 2021; this incorporates current business continuity planning in response to COVID-19. Plans are being updated on a regular basis and should any additional impact to reopening dates become apparent, this will be immediately escalated to the programme board. Current timelines assume that both homes will be worked on concurrently by the contractor, with construction at May House likely completing approximately 2 weeks prior to Seaside.

Factors taken into account

3. Consultation

- 3.1 The Cabinet Member for Children and Young People has been consulted and has endorsed the approach to the design during its development. The Children and Young People's Services Select Committee considered the strategy for the service, including the proposals for Seaside, at the meeting on 11th September 2019. The service has also committed to updating the committee on the impact of the home once it reopens. The local Members for the divisions where the homes are located have been briefed on the proposals.
- 3.2 Members of the management teams have been involved in workshops looking at the future design of the homes. Engagement events have also been held in order to get feedback on service issues from the wider residential staff group.
- 3.3 A planning application has been made and there will be an opportunity for residents to raise concerns with the proposed developments through this process. A letter was sent to all surrounding premises to Seaside prior to the

planning application going live to ensure all residents were well informed regarding intentions to the Seaside site.

4. Financial (revenue and capital) and Resource Implications

4.1 Revenue consequences of proposal

Incorporating all revenue implications, including changes to service budgets, cost avoidance and feasibility costs, the combined revenue consequences are shown below by year. This is for all homes within phase 1 of the programme due to interdependencies between the proposals for homes (e.g. increased investment in support and management staffing that sits across all homes). This also includes a £1.8m 'bridging amount' increase to service budgets for 2020/21 to account for the fact that homes will not be immediately at capacity on reopening, but that children will be gradually placed into homes in a phased approach over the first year of operation. The budget for the three closed homes was set based on reopening dates falling in the period Dec 2020 to Jan 2021, as this was the most up to date information at the time. This has since been adjusted to Feb to Mar 2021. Whilst this has changed when any cost avoidance will start to be delivered from, the total cost avoidance per annum when the homes are fully operational remains unchanged.

	Year 2 2020/21 £000	Year 3 2021/22 £000	Year 4 2022/23 £000
In House Residential Homes			
Revenue budget	7,226	7,226	8,339
Change from proposal	0	1,113	0
Remaining budget	7,226	8,339	8,339
External Residential Placements			
Revenue budget	33,629	33,629	30,533
Change from proposal	0	-3,096	-133
Remaining budget	33,629	30,533	30,400
Net change to children's revenue budget	0	-1,983	-133
Central financing costs	216	216	216

The cost avoidance coming into effect in years' 3 and 4 in the 'change from proposal' for the external residential placements budget is generated through bringing current unused capacity in the in-house service back in to use, thereby avoiding expenditure on external placements.

4.2 Capital consequences

The projected capital cost of the works to May House and Seaside, based on the cost modelling from design (RIBA stages 2-3) is broken down into its constituent areas below (note: professional fees for RIBA stages 0-1 are excluded as these are revenue costs).

Item	Seaside (£000)	May House (£000)
Build cost	378	245
Mechanical and electrical	192	144
External works	298	86
Energy improvement works	10	5
Allowance for fire improvement works	10	5
Flood risk improvements	15	-
FF&E priced schedule	86	53
Provisional allowance for FF&E fitting	10	8
Provisional allowance for ICT coordination	5	5
Provisional allowance for sprinklers	40	26
Main contractor's prelims (15%)	157	87
Main contractor's profit/overheads (8%)	96	53
Total construction cost	1,297	717
Client contingency (10%)	130	72
Professional fees (stages 2-7)	142	112
Site surveys allowance (1%)	13	7
Provisional allowance for R&D surveys	5	-
Provisional allowance for asbestos removal	30	-
Allowance for decanting/storage	10	10,000
Allowance for unknown FF&E	5	1,000
LA fees (planning and building control)	5	2,500
Provisional allowance for new ICT/AV	8	2,500
Design and development contingency (5%)	84	48
Inflation (1%)	18	10
Total site cost	1,746	982
Combined estimated capital cost (rounded)	2,728	

The budget above has been prepared by Faithful & Gould, the Council's integrated design and build strategic partners and there is a significant level of contingency built in. Across both sites the total contingency is £332,000, around 12% of the combined project budget, made up of £201,000 construction contingency and £131,000 design contingency.

Based on these costs and incorporating the impact of other capital expenditure approved from phase one of the programme, the estimated combined capital consequences are as follows.

Capital Programme Allocation	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Capital Programme Allocation Children's Social Care – Phase 1	1,400	3,000	4,200	8,600
Projects Approved and Profiled				
Cissbury Lodge	2,852	0	0	2,852
Seaside and May House Design	225	0	0	225
Seaside and May House Construction	2,503	0	0	2,503
Total approved/profiled	5,580	0	0	5,580
Variance	4,180	-3,000	-4,200	-3,020

The total amount currently set aside for phase one in the capital programme for these projects is £8.6m for the years 2020/21 to 2022/23, approved by full Council in February 2020. The overall projected capital cost of works for phase one of the programme is £5.58m which is £3.020m less than what is currently budgeted. The caveat to this is that no project has yet completed the tender process, meaning that costs may adjust based on supplier responses.

Based on the financial benefits described in 0, the total capital payback period for this investment is estimated in the region of 11.4 years.

4.3 *The effect of the proposal*

Those corporate measures which will be impacted by the reopening of May House and Seaside are shown below.

Corporate priority	Related corporate measures	How proposals for the residential service will support delivery
Best start in life	West Sussex children looked after (CLA) rates.	Support to children on the edge of care will help stabilise families and prevent or delay breakdown. Accurate assessments will enable young people to receive the best and most appropriate placement.
	West Sussex children placed in good or outstanding homes.	Investing in the residential service and its people and creating innovative models of delivery are expected to impact Ofsted ratings on inspection – this has already been seen in the recent 'outstanding' rating given to Orchard House.
A prosperous place	16 to 17-year olds who are not in education, employment or training.	The delivery model within Seaside Bungalow will enable young people to achieve independence with support and guidance. This will in turn result in more long-term stability for young adults and a more positive transition into independence.

Corporate priority	Related corporate measures	How proposals for the residential service will support delivery
	Residents who agree the Council provides good value for money.	Utilising the homes both to lower the cost of placing children with a high level of need in full time residential care and to prevent or delay entering care will support the Council in making better use of its resources.

4.4 *Future transformation, savings/efficiencies being delivered*

The impact of the remodelling and reopening of the phase 1 homes on the Council's expenditure on the purchasing of external children's home placements has been analysed. The estimated cost avoidance per annum for each home is shown below and was the basis for the amount shown in the revenue consequences table in 4.1 (this was a conservative estimate based on identifying individual children from historical data that fit the criteria of the proposed model for each home; as such, the actual cost avoidance is anticipated to be higher).

Home	2020/21 (£)	2021/22 (£)	2022/23 (£)
May House	64,100	922,600	922,600
Seaside	11,000	790,600	892,000
Cissbury Lodge	49,500	1,472,300	1,597,700
Total	124,600	3,185,500	3,412,300

4.5 *Human Resources, IT and Assets Impact*

There are members of staff from Seaside and May House who have been temporarily assigned to other roles in the Council due to the closure of homes. As a part of these proposals there will be a review of the staffing model to achieve consistency of roles, responsibilities and grades across the whole residential estate, as well as retention of the in-house staff team.

5. Legal Implications

- 5.1 The Council must provide suitable support for children falling in its duty. This can be discharged in a variety of ways and the proposal supports a wider menu of options to best meet the needs of those children.
- 5.2 The procurement of the works contract in relation to Seaside and May House will be procured in compliance with Council's Standing Orders to ensure that the most economically advantageous bid is awarded the works contract.

- 5.3 The procurement will be conducted as a non-OJEU restricted 2 stage tender. The value of this procurement is below the EU threshold for works of £4,733,252. Contractors are to be selected to tender in accordance with the MDC guidance. A pre-qualification questionnaire will be undertaken to ensure that the correct contractors with relevant experience are selected to tender for the project. Potential bidders are also required to complete the Standard Selection Questionnaire (SSQ) and Health and Safety Questionnaire, which are both scored on a pass/fail basis.
- 5.4 The procurement team will be supported in procuring the contractor by the Council's Multi-Disciplinary Consultant, Faithful & Gould.

6. Risk Implications and Mitigations

	Risk	Mitigating actions
1	COVID-19. It is not yet known beyond the procurement phase what impact the response to COVID-19 will have on delivery, but it is likely that construction supply and workforce will be affected to the point where there is an impact on planned reopening dates for phase 1 homes.	Whilst contractors are willing to bid, phase one projects will proceed to tender once approvals have been given. Beyond this there is limited flexibility within timelines to allow for some small delays, should any slippage occur. MDC and the Capital Delivery Team have implemented business continuity processes and are releasing updated timelines on a regular basis describing the likely impact on project completion dates.
2	Building works. The building works are likely to be by far the most significant driver of both cost and time for the project and any issues (e.g. planning) have the potential to significantly impact delivery	Feasibility works, including detailed surveys, have been undertaken, the results of which will inform the design and planning stages.
3	Recurrence of problems which led to closure. If the root causes of issues which led to closure (e.g. staff culture, inappropriate referrals) are not tackled then there is a significant risk of reoccurrence.	The building works will include a full refresh and refurbishment of the working environment. The staffing model will also be considered and input from organisational development will also be sought in developing the service's culture.
4	Reputation of the council. The closure of 3 of the council's children's homes in 2018 made the headlines both regionally and locally. The subsequent Ofsted inspection of children's services brought this further into the spotlight. The reopening of these services will need careful management in line with the overall children's services improvement plan.	Advice from communications and media officers will be sought in the development of the communications and engagement plan and in the drafting of any public documents. Senior managers and members will be kept apprised of all developments.
5	Resourcing of specialist functions. Due to the likelihood that children with complex needs will use services at Seaside, additional functions will need to be delivered alongside residential care,	The resourcing of any therapy roles will begin as early as possible in order to meet the timeline for the reopening of the service. Existing or potential overlaps/sharing of resources with current

	Risk	Mitigating actions
	including therapy involving CAHMS. There are recruitment challenges in these areas.	council services or with health and/or education partners will also be considered.
6	Delivery of financial benefits. If the occupancy rates for the reopened homes are not reached, estimations of cost avoidance/financial benefits may not be reached.	An outcomes framework is to be developed for the service as part of the QA workstream, to ensure that the benefits of the new models can be tracked. This is to include financial benefits and will allow feedback to the scrutiny committee once homes have been reopened on the performance of the new models against targets.

7. Other Options Considered (and reasons for not proposing)

- 7.1 Do nothing - In effect, this would mean making no changes to the homes and reopening as is, with the bare minimum of work in order to achieve registration. Given the underlying issues that led to closure (i.e. significant issues relating to child safety), doing nothing would not be a viable option.

8. Equality and Human Rights Assessment

- 8.1 All children's homes will be redesigned and remodelled based on the principle of promoting the independence of residents and teaching life skills wherever possible, which will have a significant impact on promoting the equality of residents.
- 8.2 Developing the homes as proposed will mean that any placement of a young person will better suit their individual requirements, with a 'team around the child' ethos present throughout the service. This provides more equality of access to appropriate services and supports keeping children close to their home and community connections. The public sector equality duty is discharged through existing residential care policies and procedures and these will not be affected by the proposals.

9. Social Value and Sustainability Assessment

- 9.1 A sustainability assessment has been undertaken for the programme, the overall results of which are as follows.

Priority	Score
Best Start in Life	Very positive
Prosperous Place	Very positive
Safer Stronger Communities	Very positive
Independence for Later Life	Slightly positive
A Council that Works for the Community	Very positive

10. Crime and Disorder Reduction Assessment

10.1 N/A

Shirley Gounder

Assistant Director – Corporate Parenting 033 022 27369

Contact Officer: Thomas Strivens – Programme Manager 033 022 22082