

## **Report to Cllr Russell, Cabinet Member for Children and Young People**

**December 2021**

### **Additional funding allocation for the remodelling of Orchard House children's home**

#### **Report by Ms Butler, Executive Director of Children, Young People and Learning**

**Electoral divisions: Cuckfield & Lucastes**

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### **Summary**

Orchard House children's home in Cuckfield is part of the County Council's Residential Service and caters for residential placements and short breaks for children with disabilities, with capacity for up to 16 children at one time. The home consists of;

- The Main Building, separated into 2 wings,
- Orchard Lodge, a stand-alone building on the premises, and
- The home's Contact Centre, where supervised contact takes place between children and families

As part of phase 2 of the improvement programme to deliver the Residential Service Strategy approved by the Cabinet Member decision in October 2019 ([CYP03\(19.20\)](#)), remodelling and refurbishment works are required to resolve critical issues with the home, modernise the home and improve the facilities for those children resident at the home and those who undertake short breaks there.

Capital funding totalling £4.183m has so far been allocated to deliver this project, through a Cabinet Member key decision in March 2021 ([CYP04\(20/21\)](#)). Subsequently, an additional £745k of work has been identified, the majority of which is to deliver additional work which will help this project better meet the aims of the [Council's Climate Change Strategy](#) and the commitment to be a net carbon zero organisation by 2030.

### **Recommendations**

The Cabinet Member for Children and Young People is asked to approve;

- (1) The allocation of a further £745k of capital funding to the refurbishment and remodelling of Orchard House in order to better support the aims of the Council's climate change strategy and enable implementation of associated revisions to the original proposed design.
- (2) The expansion of the scope of the two procurement processes to deliver the works at (a) the Main Building and Orchard Lodge and (b) the Contact Centre to include the additional work items listed in paragraph 2.1 of the report.

- (3) The delegation of authority to the Executive Director of Children, Young People and Learning, in consultation with the Director of Property and Assets, to award the contracts.
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## **Proposal**

### **1 Background and context**

- 1.1 Orchard House children's home provides residential placements and short breaks for children with disabilities, with capacity for up to 16 children at one time. It is currently rated 'outstanding' by Ofsted as a result of its most recent inspection in April 2021.
- 1.2 The home was identified for refurbishment in the [Residential Service Strategy](#). To progress this proposed improvement work, a feasibility study was undertaken in late 2020 and a design developed for the remodelled home. £397k of capital funding was allocated to Orchard House to develop the design.
- 1.3 In March 2021 the Cabinet Member for Children and Young People approved £3.786m of further capital funding and the launch of a procurement process to enable the refurbishment and remodelling works at Orchard House to be progressed ([decision CYP04 \(20/21\) refers](#)).
- 1.4 Since that decision further improvements have been identified that will increase the sustainability and efficiency of the home; revisions are also proposed to the original design. This report outlines the additional work and funding required to ensure this refurbishment and remodelling project is better aligned to the commitments in the [Council's Climate Change Strategy](#).

### **2 Proposal details**

- 2.1 It is proposed to add the following work items to the Orchard House project;
- Installation of a new modular net carbon zero Contact Centre for children in care to have supervised contact with families, as well as for other day activities that the home undertakes which require a larger separate space. This supersedes the proposal in the original decision to create a contact centre by re-purposing an existing building within the grounds, although some work to the external grounds is still required (see item 4 in section 5.2)
  - The addition of a ground source heat pump (GSHP) to support the Main Building to run more efficiently - a ground source heat pump is a renewable heating system which extracts residual heat stored in the ground outside to provide heating
  - Additional bedroom furniture for the Main Building – whilst not contributing towards the climate change strategy, these items are required and were not previously identified during design
  - Improved cavity insulation and a change to the first-floor external render at the Main Building

- The resultant increase in professional fees, to cover design and project management, in order to deliver all of the above – this will include funding a Life Cycle Costing Manager who will analyse the likely running and maintenance costs for the whole of the refurbished Orchard House, to better inform future budgeting

### **3 Other options considered (and reasons for not proposing)**

- 3.1 **Do nothing.** This would entail proceeding with the previous design for Orchard House without including these items. This would represent a lost opportunity to improve the sustainability of Orchard House as a part of the overall refurbishment and remodelling works being undertaken through the residential improvement programme.
- 3.2 **Pursue less costly alternatives.** Other alternatives with a lower capital cost were considered during the development of this proposal, in particular a traditional new build option for the contact centre and an air source heat pump rather than ground source. However, the proposed option was found to deliver a greater cost efficiency from analysis of lifecycle costs and benefits.

### **4 Consultation, engagement and advice**

- 4.1 The Children and Young People’s Services Scrutiny Committee considered the children’s in house residential strategy, including the proposal to improve Orchard House, at the meeting on 11<sup>th</sup> September 2019.
- 4.2 The Capital and Assets Board (the Council’s internal governance process for capital projects) has considered and supports the proposal and comments from the Board have been incorporated into the final proposal and recommendations. No material changes have been made to the proposal or the recommendations since consideration by the Board.
- 4.3 The Cabinet Member for Finance and Property has been consulted regarding the allocation of the additional funding from the Capital Programme to enable this project to proceed.
- 4.4 The local member has been updated on proposals for the home.
- 4.5 The Council’s multi-disciplinary consultant (MDC), led by Faithful+Gould, was engaged to assess the feasibility of these proposals and have been engaged to deliver the design and management of the projects.
- 4.6 Two planning applications have been made for the work to the Main Building and Orchard Lodge respectively, giving an opportunity for residents to raise comments and concerns about the proposed developments through the planning process. A separate planning application for the new Contact Centre will also be made as this part of the proposal progresses.

- 4.7 The relevant officers from finance, legal, procurement, property & assets and capital delivery have been consulted on these proposals.
- 4.8 Children resident at the homes and the staff who work there will be kept up to date as the work progresses.

## 5 Finance

### 5.1 Revenue consequences

The revenue impacts of this proposal in large part relate to the running and maintenance costs for the GSHP. Other items may have an impact, but this is likely to be of a lower level and will form a part of the work conducted by the Life Cycle Costings Manager, funded through this proposal.

Projected revenue impacts in the medium term for the GSHP are as follows.

<b>Total projected running and maintenance costs</b>	<b>Year 0</b> 2022/23 (£)	<b>Year 1</b> 2023/24 (£)	<b>Year 2</b> 2024/25 (£)	<b>Year 3</b> 2025/26 (£)	<b>Year 4</b> 2026/27 (£)	<b>Year 5</b> 2027/28 (£)
Existing gas boiler	2,775	2,905	3,042	3,184	3,334	3,491
GSHP	4,110	4,315	4,531	4,757	4,995	5,641
Change from proposal	+1,335	+1,410	+1,489	+1,573	+1,661	*+2,150

\*5-yearly service in 2027/28

### 5.2 Capital consequences

The additional £745k will be funded from the capital improvements line and the details can be found below. All items are inclusive of contractor's prelims, profits and contingencies.

	<b>Item</b>	<b>Cost (£)</b>
1	Change from the refurbishment of an existing building to a modular carbon net zero option for the Contact Centre	416,000
2	Addition of GSHP	116,000
3	Increase in professional fees to design/manage the project, incl. addition of a Life Cycle Costings Manager	61,240
4	External works – previously included in budget for refurbishing an existing building but still required for the Orchard House site	60,000
5	Additional bedroom furniture, not previously included in design	49,200
6	Cavity insulation	30,750
7	Change to first floor external render	11,841
	<b>Total:</b>	<b>745,031</b>
	<b>Total (rounded):</b>	<b>£745,000</b>

### 5.3 The effect of the proposal:

- (a) **How the proposal represents good value**

Analysis by the MDC indicates the addition of a GSHP would reduce CO2 emissions by an estimated 65% when compared with the gas boiler. Over the predicted 20-year life of the GSHP, this would mean 361 tonnes of CO2 less than would be emitted by the gas boiler alone. For a total additional investment of £188,105 over 20 years (the difference in capital cost and all running and maintenance costs), this would mean reducing emissions at a cost of £522 per tonne of CO2.

**(b) Future savings/efficiencies being delivered**

The installation of a GSHP would reduce the energy consumption (in kWh) for space heating in the Main Building by 72%. Improvements to the contact centre, in line with the net zero standard, will also reduce energy consumption, including through improved insulation, LED lighting, energy management systems and other measures to be identified.

**(c) Human Resources, IT and Assets Impact**

This proposal will improve the efficiency and sustainability of a Council asset, in line with the Council’s Climate Change Strategy.

**6 Risk implications and mitigations**

<b>Risk</b>	<b>Mitigating Action (in place or planned)</b>
Additional maintenance requirements/costs as a result of the installation of new/unfamiliar equipment	Maintenance of all proposed items has been factored into studies on life costs or will be by the Life Cycle Costings Manager. The Residential Service will retain additional Facilities Management staff as part of its new structure to help support the maintenance of its newly refurbished homes.
Further changes to the design of Orchard House, leading to increases in cost/time	The design is now sufficiently advanced that further changes are unlikely. Contingencies remain within the budget against this eventuality.

**7 Policy alignment and compliance**

**7.1 Legal implications**

The development of Orchard House is necessary in order for the Council to discharge its statutory obligations where children and young people are concerned. The development is being project managed by the Council’s Multi-Disciplinary Consultant (“MDC”) who were procured following a fully compliant competitive process in 2018. The work put forward in this proposal will be procured together with the work already approved by a key decision in March 2021, apart from the delivery of the new modular Contact Centre, which will be procured separately as per March’s key decision. Both items are below the threshold for works contracts, but the contractor(s) will be procured in compliance with public procurement principles and the Council’s Standing Orders on Contracts and Procurement.

## 7.2 **Equality duty and human rights assessment**

The additional needs of children with disabilities have been considered as part of this proposal. For example, the sensory needs of children resident at Orchard House mean that a GSHP, rather than the air source alternative, is preferable due to the lower noise levels that are generated.

## 7.3 **Climate change**

The purpose of this proposal is to contribute further to the sustainability and efficiency of the Council's children's homes and to support the Council in meeting its commitment to be carbon neutral by 2030. In addition to the items proposed here, improvements to sustainability and efficiency have been incorporated throughout the remainder of the Orchard House design, for example through the replacement of external glazing and doors.

## 7.4 **Crime and disorder**

N/A

## 7.5 **Public health**

The items proposed in this report will contribute to a reduction in emissions as a result of the newly refurbished Orchard House, contributing to improvements in air quality in West Sussex.

## 7.6 **Social value**

Social value considerations have been built into the procurement process to secure a contractor to deliver these works. For example, through assessing the degree to which a contractor will be able to employ individuals and use suppliers within West Sussex, thereby boosting employment and stimulating the local economy.

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**Background papers** - none