

**Report to: Lucy Butler, Director of Children, Young People and Learning in consultation with Andrew Edwards, Assistant Director of Property and Assets**

**January 2023**

**Award of contract for remodelling and refurbishment of Orchard House Children's Home**

**Report by: Philippa Hind, Head of Development**

**Electoral division: 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. Orchard House consists of the main building – separated in two wings, Orchard Lodge - a standalone building on the premises and the home's Contact Centre.

Remodelling and refurbishment works are required to resolve critical issues, modernise the home and improve the facilities for those children resident at the home and those who undertake short breaks there.

Agreement to launch a procurement for these works and capital funding totalling £5.576m has so far been allocated to deliver this project, through Key Decisions by the Cabinet Member for Children and Young People in March 2021 [CYP04\(20/21\)](#), in December 2021 [CYP04 \(21/22\)](#) and in October 2022 [CYP02\(22/23\)](#).

A procurement process has been undertaken and this report seeks approval to award the construction contract for the remodelling works to the Main House and Lodge. Works to carry out improvements to the Contact Centre are being procured separately and will be the subject of a future key decision.

## **Recommendation**

That the Director of Children, Young People and Learning approves the award of the construction contract for the remodelling works to the Orchard House Main House and Lodge to Sunninghill Construction Co Limited for the sum of £3,780,888.09.

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## **Proposal**

### **1 Background and context**

- 1.1 Orchard House children's 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 and £0.397m of capital funding was allocated to Orchard House to develop the design.
- 1.2 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 \(20/21\)](#)). As part of that decision, the Cabinet Member also delegated authority to the then Executive Director of Children, Young People and Learning, in consultation with the then Director of Property and Assets, to award the contracts.
- 1.3 Additional funding of £745k was allocated in December 2021 (decision [CYP04 \(21/22\) refers](#)) 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. Design development took place following the decision and the result of this, combined with inflationary increases affecting the construction industry, highlighted that an increase to the budget was required to enable the project to continue. In October 2022 the Cabinet Member approved the allocation of a further £648k of capital funding to the project ([CYP02\(22/23\)](#)).
- 1.4 Following the approval of additional funding, the total approved budget is now £5.576m of which £4.491m is allocated to the main house (£3.606m), and Orchard Lodge (£0.885m) and £1.085m is allocated to the Contact Centre.
- 1.5 With regards to the main house and Orchard Lodge, the County Council's Multi-Disciplinary Consultant (MDC) Faithful+Gould, undertook a competitive two stage procurement exercise. Bidders were required to complete the standard selection Questionnaire (SSQ) and Health and Safety Questionnaire, which are both scored on a Pass/Fail basis. The successful bid had the highest overall score based on Technical, Quality and Commercial sub criteria.

## **2 Proposal details**

- 2.1 The Director of Children, Young People and Learning, in consultation with the Assistant Director of Property and Assets, is asked to approve the award of the building contract to deliver the approved scheme at the main House and Orchard Lodge to Sunninghill Construction Co Limited. Works are planned to start on site in February 2023 and complete in Winter 2024.
- 2.2 The MDC have been appointed to provide contract administration, health and safety advice and services in relation to ICT for the full delivery of the project. Quality will also be monitored during construction through the MDC.

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

- 3.1 There is an option to do nothing but this would mean making no changes to the site. Given the state of the buildings and the underlying issues (i.e. building issues adversely impacting service delivery and staff having to make do/work around issues), it is likely that the cost of this option would be high in the long term, both in terms of ongoing maintenance and due to the impact to the service, children and families.

- 3.2 Outsource all placements. There is a high level of risk in this option in maximising the Council’s reliance on the external market and creating a greater exposure to provider failure and to challenges in placing children with complex needs due to the lack of available placements. The latter of these in particular is a problem which is being experienced nationally. Relying entirely on the external market for all placements risks further exacerbating this issue.

#### 4 Consultation, engagement and advice

- 4.1 Consultation was undertaken as detailed in the Cabinet Member decision reports, decisions [CYP04 \(20/21\)](#), [CYP04 \(21/22\)](#) and [CYP02\(22/23\)](#) refer.
- 4.2 The Assistant Director (Property and Assets) has been consulted and approves progression of the proposal.
- 4.3 Planning Permissions have been granted for the remodelling and refurbishment works as below: -
- For works at Orchard House: Application ref [WSCC/045/21](#)
- For works at Orchard Lodge: Application ref [WSCC/046/21](#)

#### 5 Finance

##### 5.1 Revenue consequences

The combined revenue impacts of the Orchard House project are detailed in previous decision reports;

- A cost reduction of £42k as a result of a change in purpose of the Orchard Lodge building (decision [CYP04 \(20/21\)](#) refers)
- An increase in running costs of £1.3k - £2.2k p/a as a result of carbon reduction measures (decision CYP04 (21/22) refers)

##### 5.2 Capital consequences

- 5.2.1 The gross Project Budget for works to the main house and the Lodge is **£4,490,238** and is broken down as follows:

Table 1

Description	Value
Construction (inc. construction contingency @ 10%)	£3,780,888.09
Professional fees (incl. design fees) and surveys	£528,477
Planning and Building control fees	£11,945
Allowance for items outside contract (ICT – Direct items)	35,990
Contingency (Client @3%)	132,937.91
<b>Total</b>	<b>£4,490,238</b>
<b>Total (rounded)</b>	<b>£4,491,000</b>

##### 5.2.2 Table 2 - capital consequences of proposal

The table below shows the full Capital budget contained in the Capital Programme that funds the above costs as well as the £1.085m allocated to the contact centre giving a total Capital budget of £5.576m phased as below.

	<b>Year 1 2021/22 £m</b>	<b>Current Year 2 2022/23 £m</b>	<b>Year 3 2023/24 £m</b>	<b>Year 4 2024/25 £m</b>	<b>Total £m</b>
Capital budget	0.325	0.415	4.636	0.200	<b>5.576</b>

### 5.3 The effect of the proposal:

#### (a) **How the cost represents good value**

This project has been tendered competitively, and it is proposed to appoint the contractor that has demonstrated best value for money under quality and commercial criteria in accordance with WSCC procurement process and strategy.

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

This proposal will support the delivery of the projected benefits of the Orchard project (decision [CYP04 \(20/21\)](#) refers). This includes £42k p/a of cost avoidance as a result of providing a solo occupancy bed at Orchard Lodge for children with disabilities and complex needs, a facility the County Council currently has to source from the private sector.

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

This proposal will increase the lifetime and functionality of the Orchard House site, a Council asset.

## 6 **Risk implications and mitigations**

<b>Risk</b>	<b>Mitigating Action (in place or planned)</b>
Contractor's ability to deliver this project on time and to budget.	The County Council's Capital Delivery Team and MDC Project Manager will be undertaking regularly reviews of the programme, quality and cost.
Current volatile marketplace for supplies and securing contractors. Delays caused by unavailability of materials to enable delivery as per the programme	This will be monitored throughout the project

## 7 **Policy alignment and compliance**

- 7.1 The development of Orchard House is necessary in order for the Council to discharge its statutory obligations where children and young people are concerned.
- 7.2 **Legal Implications**  
The value of the proposed contract is below the relevant UK Thresholds as referred to in the Public Contract Regulation 2015 (PCR) of £5,336,937 for Works Contracts. Therefore, the resulting construction contract has been procured on the Council's e-Sourcing portal In-Tend, as well as the Find a Tender Service in accordance with the Council's Standing Orders on Procurement and Contracts and Legal Services has been instructed in the usual manner.
- 7.3 **Equality Duty and Human Rights Assessment**  
People with disabilities experience disadvantages across a whole range of life areas, including education, work and health. The remodelling of Orchard House will enable this home to better support the children placed there and their families to achieve their full potential.
- 7.4 **Climate Change**  
The County Council's Design Guides have been adhered to in relation to the design of the remodelled accommodation. The Design Guides have sustainability guidance included in the design development and have been updated to ensure designs are in line with the County Council's [Climate Change Strategy](#).
- 7.5 **Social Value**  
The contractor appointment will reflect the County Council's duty under the Public Services (Social Value) Act 2012.

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**Background papers** - None