

Open Report on behalf of James Drury, Executive Director - Commercial

Report to:	Councillor R D Butroid, Executive Councillor for People Management, Legal and Corporate Property Councillor M J Hill OBE, Leader of the Council and Executive Councillor for Resources, Communications and Commissioning
Date:	Between 23 and 30 November 2021
Subject:	Lincoln Children's Home
Decision Reference:	I025141
Key decision?	Yes

Summary:

This project will relocate Lincolnshire County Council's existing short breaks home to a location on the St. Francis Special School site in Lincoln. This will be remodelled to enhance the offer, increasing space whilst ensuring the service is accessible for children with complex needs.

The vacated home, Strut House at St. Catherine's, will be remodelled and refurbished to become a four-bedded Children's home in July/August 2022, for children aged 6 to 12.

This report provides a scheme appraisal and recommendation for the procurement of the remodelling to both buildings.

Recommendation(s):

That the Leader of the Council and Executive Councillor for Resources, Communications and Commissioning approves the scheme appraisal for the carrying out of works to remodel St. Francis residential wing and the current Strut House in Lincoln.

That the Executive Councillor for People Management, Legal and Corporate Property:-

- 1) Approves the Council entering into a construction contract for the carrying out of works to remodel St Francis residential wing by way of a traditional tender process;

- 2) Approves the use of the SCAPE minor works construction framework to appoint Lindum construction to carry out the minor refurbishment of the existing Strut House; and
- 3) Delegates to the Executive Director – Commercial authority to determine the final form and approve the entering into of the final contract under 1) above.

Alternatives Considered:

- Do nothing - This option is not recommended as it will not meet the goals of the Children in Care (CIC) Transformation Programme, which the Council is currently adopting and which will greatly enhance the lives and outcomes of Children In Care in Lincolnshire.
- Reduced scope – Whilst it would be possible to carry out less extensive works to the St Francis site, this would drastically impact on the level of care that children with complex and wide ranging needs would receive.
- Procurement – Use of framework for the main works has been considered; however, as most of the work is internal refurbishment within the residential block, it is considered to be a relatively straightforward build which should not require extensive contractor involvement in the design process. Therefore, in order to try and achieve best value for the Council, it is felt that a traditional single stage tender route should be used.
- Purchase of a property to deliver the St Francis element of the project – This was considered but it was felt that it would be costly and not allow the Council to make best use of resources. To divert a substantial part of the available budget to the acquisition of a building when the Council already has a suitable one would not be beneficial.

Reasons for Recommendation:

Approval is sought for the project to deliver refurbishment of St Francis and St. Catherine's because:

1. It helps deliver the objectives of the CIC programme for Lincolnshire. Principally:
 - The CIC Transformation Programme's key strategic priority *"to improve outcomes for our Children and Young People, by providing care locally within Lincolnshire rather than care at a distance to keep children and Young People within their own communities where they can be close to their networks"*.
 - It will increase the availability and accessible capacity of suitable short term care places in Lincoln.

- It will provide a new four bed Children’s Home in Lincoln.
 - It will reduce the number of children having to be placed in out of County care provision.
 - The reduced need for out of county provision will contribute towards revenue savings as part of the CIC programme and enable Children’s Services to offer both long term savings and service improvements.
2. The proposed works and timetable for delivery will allow the Council to begin making the revenue savings as laid out in the CIC Transformation Strategy.

1. Background

- 1.1 Wickenby was the name given to the temporary Children’s Home set up at the beginning of the Covid-19 pandemic in the residential wing of St Francis Special School which temporarily closed its residential provision in March 2020. St Francis Special School is a Local Authority (LA) maintained school that until recently had residential provision which came under the Department for Education’s (DfE) 'boarding' classification of a school.
- 1.2 At the request of the Governing Body, the LA, as the decision maker, consulted on the closure of the residential accommodation; a separate purpose built wing of the school (always been used for this purpose for the many years it has existed). In March 2021 the decision was taken by the Executive Councillor for Children's Services, Community Safety and Procurement (following scrutiny by the Children and Young People Scrutiny Committee) to close the residential accommodation permanently.
- 1.3 Options have been considered regarding the use of the accommodation given that the school no longer requires it for boarding; it is run down and underutilised. The preferred option is to invest into the buildings to refurbish, remodel and modernise them to continue as residential accommodation for short breaks (respite care) to enable the existing Strut House to relocate to St. Francis to offer improved facilities and an enhanced offer, to allow them to meet a wider range of needs for a greater percentage of time than is currently possible in the more limited building at Strut House, where it is now at St Catherine’s.
- 1.4 Many pupils using Strut House are on the roll of St Francis Special School, therefore co-locating the two offers significant benefits for staff, young people and their families.
- 1.5 Strut House will be converted into a Children’s Home for 6 to 12 year olds and add much needed capacity into Lincolnshire to help meet the ambition of the CIC Transformation Strategy.
- 1.6 Between 22 and 30 November 2021, the Executive Councillor for Children's Services, Community Safety and Procurement will be asked to approve proposals

for the development of a new County Council run Children's Home in Lincoln based on the above proposals.

2. Procurement

2.1 The construction of the scheme will be procured in accordance with the Council's finance and procurement regulations.

2.2 The use of a traditional single tender process for the main works at the St. Francis site is felt to be the most appropriate procurement route. It offers the following benefits:

- Generally lower cost for this type of scheme due to reduced overheads and scope when compared to a high value / high risk scheme
- Access to a wider range of contractors
- Opportunity to engage with local supply chain
- Contractor experience with process gives clarity and more interest.

2.3 Given the very low level of cost involved in the St. Catherine's refurbishment (circa £79k), it is felt that using the SCAPE minor works framework will be appropriate because the contractor is local and able to mobilise quickly, which is appropriate for this project.

3. Scope of Works

3.1 The Lincoln Children's Home will be housed in the former residential wing of St Francis Special School, off Wickenby Crescent in Lincoln.

3.2 The project will create five specialist bedrooms, accessible bathrooms, dining and kitchen space, soft play and sensory rooms for the children who will be using the facility.

3.3 Great emphasis has been placed on making the environment as welcoming as possible and the internal layout has been altered to provide bedrooms that are of a suitable size and not overwhelming. Bathrooms have been re-configured to provide both accessible spaces but also more normal, domestic style bathrooms.

3.4 The works specified above are substantial and involve considerable structural changes to the building. This includes new windows to large parts of the building, replacement of all suspended ceilings with more suitable plastered ones, removal of some walls and construction of others. There are also several bespoke hoists with associated tracks and reinforcement required.

3.5 All of the above means that the cost of remodelling is above that which might normally be expected for this type of building but which will provide an excellent environment for the children staying on site and enable staff to give them the best possible care.

- 3.6 The project will also create a new, secure reception area with an administration office and small waiting area.
- 3.7 On the first floor of the building, the existing staff flats will be refurbished to provide training and multi-agency meeting spaces for a variety of uses, together with kitchen and break room for staff and further administration offices.
- 3.8 External areas will also be enhanced and new secure fencing erected around the property, within the existing St Francis site.
- 3.9 The intention is for construction work to commence in February 2022 for completion in June 2022.
- 3.10 The car park will be remodelled to provide an improved drop off and pick up area and further parking for the increased staff numbers.
- 3.11 The remodelling of St Catherine's will see the existing short-term provision altered to provide more suitable long term Children's Home accommodation.
- 3.12 A new accessible shower room will be created, bedroom spaces will be remodelled and refurbished and much of the ground floor décor will be refreshed and updated.
- 3.13 Work on the St. Catherine's element of the project will follow on directly after the St. Francis element is complete and the current service has relocated to the new facility. Completion is scheduled by the end of August 2022.
- 3.14 The total project budget is just under £1.3m. The scheme can be fully funded from the Council's capital funds allocated to deliver two new children's homes, but a bid has been submitted to the DfE for a grant to cover 50% of the project cost. If the bid is successful the project will be funded from a 50/50 combination of both LCC capital funds and DfE match funding. If the bid is not successful the project will be fully funded by the LCC Children's Services New Children's Homes capital budget.

4. Project Budget

- 4.1 The project budget for the St Francis, Lincoln Children's Home, is approximately £1.16m. The breakdown of cost is as follows:

Construction Budget	
Item	Cost
Remodelling Works	£696,913
BCIS Tender Inflation	£11,200
Contractor's Preliminaries	£87,114
Project Risk	£156,806
Subtotal Construction Budget	£952,033
Kier Technical Fees	£193,767
BCIS Construction Inflation Estimate	£16,801
Total Project Budget	£1,162,601

- 4.2 The feasibility for St Catherine's, provided by Lindum Group in 2020 and updated in August 2021, gives a cost of £79,820.82. This is broken down as follows (NB: these headings do not follow the process usually adopted by LCC / Kier):

Construction Budget	
Item	Cost
Pre-Construction Charge	£2,324.88
Design Costs	£6,750
Design Management Charge	£312.50
Preliminaries	£13,427.50
Schedule of works	£44,462.30
Construction Fee (SCAPE)	£2,043.64
Project Risk	£10,500
Total Project Budget	£79,820.82

5. Value for money

- 5.1 Using technical expertise via the partnership with Kier ensures that all costs are compared with industry averages. Corporate Property refers to the Building Cost Information Service (BCIS). The BCIS, part of the Royal Institution of Chartered Surveyors, collects cost and price information from construction projects across the UK. This information is analysed and interpreted by the BCIS and then made available to the industry. The BCIS information may be referenced to assist with cost planning in a number of ways including budgets and benchmarking. The budget costs for the St. Francis element of the project have been compared with the BCIS data to benchmark the proposed work against similar projects in the UK.
- 5.2 Both elements of the Lincoln Children's Home project will involve the remodelling of an existing property. For comparison purposes the separate remodelling elements have been compared to BCIS independently (see below). This is the only way that a scheme like this can be benchmarked.
- 5.3 In respect of the cost of remodelling, the BCIS data shows a mean cost of £1,541 per m² with a highest cost of £2,424 per m². The cost of the St Francis element of the

Lincoln Children's Home project is £1,575 per m² and so falls within the normal range.

- 5.4 The cost per square metre for the works at St Catherine's is low in comparison to the normal BCIS range but this is because the works are relatively light touch and do not involve major structural or remodelling works.

BCIS Comparison - Remodelling			
	St. Francis	St Catherine's	BCIS
Remodelling Budget	£968,834	£79,820	
Remodelling Area	615m ²	192m ²	
Cost per m ²	£1,575 / m ²	£415 / m ²	£2,424 / m ²

6. Design approval process:

- 6.1. The design process for the St Francis element of the project has involved service managers from the existing Strut House and Children's Homes. They have had input throughout the design and have made a range of recommendations and requests to help the design team meet the very specialist needs of the service users.
- 6.2. Feasibility reports have been prepared at different stages within the Royal Institute of British Architects (RIBA) design process and these have been presented to Children's Services for both design and budgetary approval.
- 6.3. The project has also formed part of the wider Children's Services Residential Estates Expansion workstream. This has meant that the designs for the St Francis site have been presented to the Project Board on a regular basis and that sign off for design changes or items impacting on the budget have been agreed by the wider team.
- 6.4. Senior management within Children's Services have also been included within project decision making as part of the Board and the Executive Director of Children's Services has had oversight of the process at various stages.

7. Cost Control

- 7.1. Given the level of uncertainty within the construction industry, Corporate Property, alongside Kier Project Managers and Quantity Surveyors, actively manages all contractors delivering the capital programme and has sought opportunities to reduce costs in the design process, whilst meeting all of the essential requirements of the service. Various measures have been undertaken and are described below.
- 7.2. The area to be refurbished within the St Francis building has been reduced down from that originally proposed within the initial feasibility. This included both of the former bedroom wings together with the central block and first floor. In response to high cost estimates the front bedroom wing was removed from the project scope and additional bedrooms created within the main wing.

- 7.3. The external appearance of the building has also been altered to reduce costs as a number of the windows have had to be changed to facilitate access to some of the bedrooms. It was intended to have a new cladding system across the whole building and for all windows to be changed to match the new ones which are needed. To reflect the need to keep costs down, the cladding has been replaced by partial render and existing UPVC windows have been retained where possible.
- 7.4. Works to external spaces have been kept to a minimum, whilst still seeking to deliver a pleasant and safe environment for the residents of the facility.
- 7.5. All of the decisions above have been taken in partnership and with support from Children's Services.
- 7.6. By only building what is needed and consistently challenging costs, Corporate Property can provide assurance that the build will meet service users needs in an appropriate and cost effective manner.

8. Supply Chain Volatility

There are significant cost pressures within the construction industry arising from a shortage of labour and materials within the supply chain. Corporate Property is typically seeing cost inflation in the order of 7.5% - 10% above expected levels.

This is a local, regional, national and global issue which impacts on all capital projects. The reasons for the supply chain shortage are multi-faceted and often interdependent:

- 8.1. Global supply chains have been severely disrupted by Covid-19. For example, factory shut-downs and industry running at reduced capacity has created supply problems for materials from semi-conductors through to timber.
- 8.2. Brexit is disrupting the smooth inflow of goods into the UK; this is because additional checks at ports have created a backlog in clearing containers. This is also compounded by the HGV driver shortage meaning that shipping containers are taking much longer to be distributed from ports, contributing to longer lead-in times.
- 8.3. There is a global shortage of shipping containers, leading to astonishing inflationary pressures on the cost of shipping freight. The price for a 40ft container from China to Europe has risen by nearly 500%, as of April 2021.
- 8.4. There has been a significant upsurge in demand as the UK economy emerges from lockdown; this is also replicated in the United States of America which is competing for the same source materials as the UK. The United States recently committed to legislation which allocates \$1.2 trillion for infrastructure projects.
- 8.5. There is a shortage of labour within the construction industry as a result of migrant workers returning to their home country and from high profile, high spend

construction activity like HS2; this has driven up costs through increased wage demand.

- 8.6. Social distancing has pushed up costs due to increased cleaning and more welfare facilities required on site and Covid-19 is still leading to supply chain disruption due to positive tests and self-isolation.
- 8.7. The lack of qualified HGV drivers, due to the UK skills gap, ageing workforce, etc., is impacting on the timely delivery of materials to merchants and to construction sites, leading to potential delays for project completion.
- 8.8. There is an overall risk budget in this project of £156,806 to cater for unforeseen design and construction risks.
- 8.9. The risk pot for the project is large (approximately 12.5%) but at present it is felt prudent to retain this in order to ensure that costs do not go above agreed levels.

9. Legal Issues:

Land Issues

The proposal to relocate LCC's existing short breaks home to a location on the St. Francis Special School site in Lincoln engages legislation enacted to protect land which is comprised in a school site.

Under the provisions of the Academies Act 2010, prior approval of the Secretary of State is required before this proposed change can be implemented.

The Council is in communication with the Department for Education (DfE) to verify the precise nature of application(s) which must be submitted. Information received presently suggests that the DfE regard the change proposed as amounting to both a change of use of school land, and an appropriation. Under the terms of the legislation, separate concurrent applications are required to cover each element.

The Council must wait to receive all necessary approvals from the Secretary of State before any change affecting the residential wing at St Francis Special School can be implemented.

These issues will be addressed prior to the decision to award a contract under the delegated authority granted by numbered recommendation 3.

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process.

The Equality Act duty has been considered and it is considered that if a new Children's Home is created there would be a long-term positive impact on more young people in the wider Lincolnshire area.

The refurbishment of the St Francis residential block as a short break respite care facility preserves and enhances facilities for children with disabilities and their carers with an overall positive impact.

The design of both buildings will ensure accessibility regardless of protected characteristic.

Joint Strategic Needs Analysis (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS) in coming to a decision.

The JSNA and the JHWS have been taken into account during the preparation of this report on the proposal to build a new children's home and relocate Strut House to enhanced short breaks facilities.

If the residential provision is created then it will be ensured that pupils gain support for the development of the life skills they need and it is not considered that educational standards or attainment will be negatively impacted.

The number of places in care homes across Lincolnshire will be increased, improving how and where they are provided, and young people will continue to be supported in all areas including mental health and managing health conditions and/or disabilities.

Any new homes would also help reduce any distances that young people might be from their support groups. It is expected that there would be a positive impact on health and safety, and general wellbeing.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

The section 17 matters have been taken into account but there are not considered to be any implications for the section 17 matters arising out of the decision.

10. Conclusion

10.1 The Children in Care Transformation Strategy has identified a need to improve the provision of both specialist short-term care and long-term residential care for children in Lincolnshire. It also offers an opportunity to reduce revenue costs by bringing children currently placed out-of-county back into Lincolnshire.

10.2 The Executive Councillors are therefore requested to approve the tender for the works and the award of a contract within the available project budget of £1.3 million.

11. Legal Comments:

The Council has the power to enter into the contracts proposed.

The proposals are compliant with the Council's procurement obligations.

The decision is consistent with the Policy Framework and within the remit of each of the Executive Councillors.

12. Resource Comments:

The recommendations to approve the scheme appraisal for the works to remodel the former St Francis Special School residential wing and St Catherine's children's home, and to approve the entering into a construction contract will enable the Council to fulfil a Children in Care Transformation Programme objective of providing more provision locally to better meet the needs and improve outcomes. This will reduce the requirement to place children in more expensive out of county provision, where market conditions are unfavourable, and will secure revenue savings through this capital investment.

The Council has earmarked within its capital programme £1.500m to deliver two new children's homes to support its ambitions. The Council has submitted a capital match funding bid to cover 50% of the project costs to the Department for Education following the announcement of monies being available. If the Council were to be successful, it provides greater scope and opportunities for a second children's home solution. If the Council is unsuccessful, sufficient funding exists in the capital programme for new children's homes to meet this obligation.

The report outlines value for money comparisons to BCIS. The former St Francis Special School residential wing remodelling is generally in line with the BCIS mean cost per m² even allowing for the considerable structural changes required. The St Catherine's site will require only small remodelling and refurbishment, therefore is much lower than BCIS comparisons.

The former St Francis residential wing will go through a competitive tender process to secure best price at this time, and the St Catherine's procurement process will go through SCAPE minor works framework due to the low value of contract, use of local contractors and speed of mobilisation. There are significant cost pressures arising from the construction industry due to unfavourable market conditions and economic uncertainty, therefore the partnership with Kier in reviewing and benchmarking contract costs will be important.

13. Consultation

a) Has Local Member Been Consulted?

Yes

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The decision will be considered by the Children and Young People Scrutiny Committee at its meeting on 19 November 2021 and the comments of the Committee will be provided to the Executive Councillors.

d) Risks and Impact Analysis

See the body of the Report.

14. Appendices

These are listed below and attached at the back of the report	
Appendix A	Existing Site Plan
Appendix B	Proposed Floor Plans

15. Background Papers

The following Background Papers within the meaning of section 100D of the Local Government Act 1972 were used in the preparation of this Report

Background Paper	Where it can be viewed
Proposal on the Future of the Boarding Provision at The St Francis Special School	https://lincolnshire.moderngov.co.uk/ieDecisionDetails.aspx?ID=686

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