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<b>Report To:</b>	<b>Health &amp; Social Care Committee</b>	<b>Date:</b>	<b>24 August 2017</b>
<b>Report By:</b>	<b>Corporate Director (Chief Officer) Inverclyde Health &amp; Social Care Partnership and</b>	<b>Report</b>	<b>SW/35/2017/SMcA</b>
<b>Contact Officer:</b>	<b>Sharon McAlees</b>	<b>Contact No:</b>	<b>01475 776096</b>
<b>Subject:</b>	<b>Residential Children's Unit – Crosshill Replacement</b>		

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## **1.0 PURPOSE**

- 1.1 The purpose of the report is to update the Committee in respect of the status of the project for the replacement of the Crosshill Children's Unit on the site of the existing Unit.

## **2.0 SUMMARY**

- 2.1 This report advises Committee in respect of the revised cost estimate for the project based on the developing design, and value engineering exercise undertaken to allow the project to be progressed. It also summarises the proposed expenditure and funding arrangements.

## **3.0 RECOMMENDATIONS**

- 3.1 That the Committee notes and approves the proposed additional expenditure on the Crosshill Children's Unit replacement project.
- 3.2 That the Committee approves the utilisation of the overall Residential School Earmarked Reserve to address the over expenditure noted in 3.1 above, subject to the agreement of the Inverclyde Integration Joint Board.
- 3.3 That the Committee approves the issue of tenders for the Crosshill Children's Unit project, and grants delegated authority to the Head of Legal & Property Services to accept the most economically advantageous tender provided the cost is within the revised budget allocation for the project (para 6.1 and table 5.4).

**Louise Long**  
**Corporate Director (Chief**  
**Officer) Inverclyde Health &**  
**Social Care Partnership**

## 4.0 BACKGROUND

4.1 The Community Health and Care Partnership Sub-Committee of April 2014 approved the progression and finance proposals in respect of the re-provision of Inverclyde's Children's Residential Services. The agreed re-provisioning programme included two phases:

Phase 1 – New build replacement for Neil Street Unit on the former King's Glen School site. This is currently under construction.

Phase 2 – Demolition of existing unit and new build replacement for Crosshill Unit on the same site utilising the Neil Street building as decant accommodation following completion of Phase 1.

4.2 The design of Phase 2 is in progress and has reached Stage 2: Concept Design Stage. Public consultation has taken place and there are no objections to the proposals. The formal Planning application has now been submitted and the design is progressing towards Building Warrant application stage.

4.3 The Design Team has prepared an estimated cost for the scheme which indicates that the probable cost is in excess of the current approved budget. The budgets were based on the tender cost of Kylemore Children's Unit and, like the Neil Street replacement, there are requirements in excess of that required at Kylemore.

- An extensive drainage and attenuation system was introduced through consultation on the design with Scottish Water, Planning and Building Standards.
- Abnormal Foundations- Following detailed ground investigation , piling with raft foundation was deemed necessary rather than strip foundations with beam and block flooring.
- Since the construction of Kylemore the regulations have changed and a more extensive sprinkler system is required.
- The overall site is larger and requires more extensive landscaping. There are some abnormalities with a rear sloping site which have to be addressed.

## 5.0 PHASE 2 - CROSSHILL REPLACEMENT

5.1 The Stage 2: Concept Design Stage requires an estimated cost based on the concept design. This has confirmed a cost in excess of the available budget.

5.2 During the development of the design a number of areas required to be addressed connected with the specific site conditions and topography as outlined in 4.3 above. These "abnormal" costs can be summarised as below:

Item Description	Cost (000)
Attenuation and Drainage system	£77,000
Additional substructure works due to the ground conditions	£80,000
Additional sprinkler system	£25,000
Additional landscaping costs	£60,000
Total	<b>£242,000</b>

- 5.3 A value engineering exercise was carried out which included revisiting provisional items and measuring where possible to refine the allowances. The pre-value engineering cost estimate prepared at stage 2 was £2.034m. The current cost estimate post value engineering is outlined in the table below.
- 5.4 The table below summarises the original approved budget (based on Kylemore), contract value of Neil Street replacement (Phase 1), and the value engineered position for Crosshill (Phase 2):

Item/Heading	Current Phase 2 Approved Budget (Crosshill)	Phase 1 Contract sum (Cardross)	Phase 2 Indicative Cost post VE (Crosshill)
Works	1,460,370	1,645,999	1,669,000
Professional Fees	146,037	181,060	166,900
Surveys	34,980	33,000	35,000
Statutory Approval Costs	7,613	16,000	10,000
Land Acquisition		85,000	
Client Costs (loose FF&E)	33,000	30,000	33,000
<b>Total</b>	<b>1,682,000</b>	<b>1,991,059</b>	<b>1,913,900</b>

From the above table the current funding gap is identified as £231,900 (£232K).

## 6.0 IMPLICATIONS

### Finance

- 6.1 The approved budget for the Crosshill Replacement project is £1.682M. The estimated cost at Stage 2: Concept Design stage amounted to £1.914M. The estimated cost is therefore £232K or 14% more than the approved budget.
- 6.2 It is proposed to address the funding gap by allocation of additional funding from the overall Residential School Earmarked Reserve. The unallocated balance on the Earmarked Reserve as at 1.4.17 is estimated to be £925k and the sum sought represents 25% of this balance.
- 6.3 The project is being progressed through the design stages towards tender issue stage. Permission to issue tenders and approval for delegated authority to accept the most economically advantageous tender is requested.
- 6.4 The tables below outline the estimated cost implications and proposed funding allocation.

### One off Costs

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
Earmarked Reserve	Residential School	2017/18	£232,000	n/a	Subject to IJB approval.

Annually Recurring Costs/ (Savings)

<b>Cost Centre</b>	<b>Budget Heading</b>	<b>Budget Year</b>	<b>Proposed Spend this Report</b>	<b>Virement From</b>	<b>Other Comments</b>
n/a	n/a	n/a	n/a	n/a	

### **Legal**

6.5 The Head of Legal and Property Services has been consulted.

### **Human Resources**

6.6 There are no human resources issues.

### **Equalities**

6.7 There are no equalities issues.

### **Repopulation**

6.8 There are no repopulation issues.

## **7.0 CONSULTATION**

7.1 There are no direct staffing implications in respect of the report and as such the Head of Organisational Development, HR and Communications has not been consulted.

## **8.0 LIST OF BACKGROUND PAPERS**

8.1 Crosshill Unit Replacement – Report on Stage 2 Costs (Project No.14/063).