

EAST RENFREWSHIRE COUNCIL26 April 2023

Report by Director of Environment and Head of Public Protection and Children's Services
(CSWO)

PROPOSED LEASE AND IMPROVEMENT OF CAPELRIG HOUSE - IN PARTNERSHIP
WITH CHILDREN 1st

PURPOSE OF REPORT

1. The purpose of this report is to advise Council of the delay in progressing the proposed pioneering project "Childs House for Healing" in partnership with Children 1st at Capelrig House and to seek approval for an increase in the financial contribution sought.

RECOMMENDATIONS

2. It is recommended that:

- a) Council note the delays to the project and the reasons for this;
- b) Note that the previously agreed provision of £418,000 from the General Fund Capital programme is insufficient;
- c) Approve the proposed increase in financial provision within the General Fund Capital programme from £418,000 to £1,200,000;
- d) Approve the use of the unallocated balance on the additional capital resource reported to Cabinet 2 March 2023 of £437,000 to partly support this increase; and
- e) Delegate responsibility to the Director of Environment and Head of Accountancy/Chief Financial Officer to manage the £345,000 budget shortfall within current capital resources during 2023/24 and report the measures taken to achieve this within the quarterly capital monitoring reports.

BACKGROUND

3. The Council approved a recommendation at its meeting of 21st February 2021 to enter into a 25 year lease with Children 1st for their pioneering project "Childs House for Healing" (Scotland's first Barnahus) and to acknowledge the benefits to the Council in progressing this project. The project is a joint initiative between Children 1st, East Renfrewshire HSCP and East Renfrewshire Council. The project will be based at Capelrig House.

4. This partnership aims to create a centre for excellence to develop practice that is shared nationally so that no child victim or witness ever has to endure long delays to secure safety, care, justice and recovery. The centre will disseminate best practice about what works for children and families as well as providing a safe, secure and welcoming environment for children to give their statements to specially trained staff from police, judicial and social work services and get support to heal.

5. Child victims or witness interviews will be pre-recorded and the video will be sent to court, and if appearance is required, this will also be carried out by video link so that any child victim or witness never has to go to court. Children will have access to medical attention and a forensic medical examination to be used in evidence gathering, if required. Key to the

concept is that the child only has to tell their story once and they can move into recovery as soon as possible. This facility will bring all agencies involved in dealing with the case in to one child friendly setting.

6. Based on the Scandinavian Barnahus model, this will be the first of its kind in the UK and which, through the use of research and evaluation, will provide the prototype that will form the basis for developing the model across the whole country. The vision is that the house will be warm, child friendly, accessible and totally conducive to a trauma sensitive journey through the justice system.

7. The Council, HSCP and Children 1st consider that this is an excellent opportunity to be at the forefront of a step change in the delivery of children's support services within the UK and that Capelrig House - both its location and setting, is an ideal building from which to deliver this pioneering model and associated research and learning centre. The East Renfrewshire led Scottish Child Interview Model has been recognised and awarded as sector leading providing the best trauma informed support to child victims and witnesses. There is a desire to continue to build on that track record of success and knowledge through this proposal.

REPORT

8. The project has been delayed due to a number of reasons including Covid and a tender return that was greater than the available financial provision. The initial estimated costs for the full project had been £879,000 with the Council's contribution to be £418,000. These estimates were provided prior to detailed inspections of the property being undertaken. Following the completion of the detailed inspections between January and March 2022 a formal tender exercise was undertaken in July 2022 and was completed in September 2022. Two separate tenders were issued. One by the Council to undertake the external works and one by Children 1st to undertake the internal works.

9. Tenders for both organisations exceeded the allocated financial provision. Both East Renfrewshire Council and Children 1st believe the project to be of significant importance and wish to continue subject to the approval of additional funding.

10. It is currently estimated that the full project costs will be around £2.3M. The element to be funded by the Council is estimated to be £1.2M.

11. The Council contribution relates to works associated with roofing, external fabric, stone repairs and window repairs and replacement. This increase is due chiefly to construction inflation and the need for additional work that was identified during the detailed inspection process. The results of the survey identified conservation refurbishment of the stonework and replacement or overhaul repairs to the windows, doors, roof and rainwater goods.

12. In any conservation project the aim of any fabric repair work is to bring the property back to its original state by conserving as much of the original fabric as possible, whilst carrying out the minimum repairs necessary and consistent with protecting the building. It should be noted that this work would be required irrespective of whether this project went ahead.

13. Whilst financial provision of £418K had been made available for the external works to be undertaken the lowest acceptable tender return was £780k. This figure excluded professional fees which are around 10%. In addition in light of recent experiences in relation to the refurbishment of existing buildings and with Capelrig House being a Category A listed building it is felt appropriate to increase contingency provision to approx. 20% of the likely tender price. Finally some vandalism occurred during the tender process which has resulted in a need for further work. This results in a budget of £1.2M to be appropriate for the project.

14. It is proposed to retender the works required. The tender exercise, if approval is granted, is expected to be completed by June 2023 with the Council's works to be completed by December 2023. Thereafter Children 1st will begin their refit. The Children 1st element of the project (the internal works) is also expected to be between £1M-£1.2M.

FINANCE AND EFFICIENCY

15. The revised estimated costs of the works to improve the fabric of the building (the elements for which the Council will fund) are £1.2m. This is an increase of £782,000 above the current provision within the capital programme (£418,000). Further fit-out costs will be incurred directly by Children 1st.

16. As reported to Cabinet 2 March 2023 the level of general capital grant provided by the Scottish Government during the financial year 2022/23 increased by £612,000 above the previously estimated level. After allowing for £175,000 to support increased costs on the Eastwood High School Sports Centre Changing Rooms and Disabled Toilet project, also reported to the same meeting, the unallocated balance is £437,000. The conditions of the grant require it to be utilised in the year it was received; the Council will have no difficulty meeting this requirement. While this prevents the transfer of the grant sum between financial years it does mean there will be a reduction in the 2022/23 borrowing requirement which will be transferred to 2023/24 and it is proposed to use this additional resource to support the increased costs of the project.

17. It is further proposed to meet the £345,000 shortfall (being increased costs of £782,000 less grant/borrowing of £437,000) from the capital programme either from savings on projects, transfer of budgets or deferring projects. It is recommended that the Director of Environment and Head of Accountancy/Chief Financial Officer manage this movement within current capital resources during 2023/24 and report the measures taken to achieve this within the quarterly capital monitoring reports.

CONSULTATION

18. This report has been jointly prepared by the Environment Department and HSCP with assistance from teams in Accountancy, Procurement and Legal Services.

PARTNERSHIP WORKING

19. As previously noted this project is a model of multi-level partnership working on a number of levels not only within the Council and the direct partnership engagement with Children 1st but within Children 1st and their partnership with the other Local Authorities involved in the "Child's House For Healing" project. A project board will be established jointly led by Property and Technical Services and HSCP in partnership with Children 1st to oversee the delivery of the project.

IMPLICATIONS OF THE PROPOSALS

20. There are no staffing, property, legal, IT, Subsidy Control, equalities, sustainability or climate change implications associated with this report.

21. The proposed period of the lease is 19 years and 364 days with a rental of £1 if asked. This will be the subject of a report to Cabinet for approval once the details of the lease are negotiated. The principles of the lease are set out below for information.

22. Consideration has been given to the processes detailed under Section 74 of the Local Government (Scotland) Act 1973 and the Disposal of Land by Local Authorities (Scotland) Regulations 2010. Section 74 gives the local authority the power to dispose (for sale or lease) of land in any manner they wish unless the land is being disposed of for less than best consideration that can reasonably be obtained, in which case it can only dispose of land at 'less than best consideration' where such a proposal meets the requirements of the Disposal of Land by Local Authorities (Scotland) Regulations 2010. This requires that the local authority must appraise and compare the costs and other dis-benefits and benefits of the proposal, and determine that the 'circumstances' set out in Regulation 4 are met.

23. The 'circumstances' in which a local authority may dispose of land for a consideration less than the best that can be reasonably obtained are that the local authority is satisfied that the disposal for that consideration is reasonable, and the disposal is likely to contribute to any of the 'purposes' set out within the regulations.

24. These 'purposes', which the local authority must consider, include the promotion or improvement of economic development, regeneration, public health, social wellbeing and/or environmental wellbeing.

25. Following an appraisal of the proposal and taking into account the benefits and dis-benefits, officers are satisfied that the requirements are met.

26. Out with the benefits that Children 1st's occupation of Capelrig House will bring, key factors considered in the determination included;

- i. the location of the building positioned with the boundary of a large educational establishment (Eastwood High School);
- ii. the need for any use to be carefully considered, due to its positioning in the school grounds which limits potential occupiers;
- iii. the Grade A listed buildings classification of Capelrig House restricts any changes which can be made to the property; and
- iv. the joint project with Children 1st will protect a nationally important asset with a sympathetic refurbishment.

27. The lease will have break dates for Children 1st on the 5th, 10th and 15th anniversaries. There are not any break clauses proposed for the Council.

28. The tenant will be responsible for the interior of the premises including internal faces of load bearing walls, non-load bearing walls and internal systems such as heating and services provided to Capelrig House exclusively.

29. The maintenance obligations of the landlord will include the exterior of the premises including the foundations, roof, external masonry, load bearing walls (other than internal faces) and windows and the external access stairs at the entrance to Capelrig. The landlord is obliged to carry out such repairs as it considers necessary to maintain the exterior of the premises in a wind and watertight condition.

30. Members should note that the terms presented to the Council on 25th February 2021 stated “*Children 1st have indicated that they would be prepared in principle to enter into a full repairing and insurance lease and meet the annual running costs for the building. However, given the size and the Grade A listing the Council would require to be flexible and reasonable should unexpected major external building issues arise in the future*”. The terms presented at paragraphs 27-28 of this report remove a potential ambiguity and make the responsibilities of both parties much clearer.

31. The terms of the proposed lease means that there will be an ongoing revenue obligation for the Council. Given the historic nature of the building this is hard to determine but has been estimated at £25,000 annum. In addition there will be a future requirement for capital provision for any replacements roofs or windows and other necessary works.

32. Despite this change the proposed lease is felt to be value for money due to the establishment of a nationally recognised East Renfrewshire led Centre of Excellence supporting our most vulnerable children through challenging court procedures. The Council’s requirement to maintain the Grade A listed building, aligned to this innovative area of work, continues to represent best value to the Council.

33. Members should note that in April 2022, the Council approved the paper outlining the policies and procedures when granting of commercial leases, a copy of which can be found at; www.eastrenfrewshire.gov.uk/commercial-property

34. The policy states a market rental should be sought considering the comparable evidence and reviewed every 3 or 5 years in line with the Local Authority Scotland Act 1972. The Council policy does permit an exception whereby a charitable organisation can be granted an agreement on a week to week basis at £1 (if asked). Such tenancies are subject to a maximum term of 52 weeks. If the tenant wants to remain in the property thereafter they will need to pay the market rent or consider options under a Community Asset Transfer request.

35. The approval obtained by Children 1st for a 19 year 364 day lease is not consistent with current Council policy. However it is noted that approval was granted by Council prior to April 2022 and as such the decision to lease Capelrig House to Children 1st predates this policy.

36. Legal Services advise that Council is in a position to competently approve the proposed length of lease even though the recommendation is contrary to Council policy. The policy in question was itself approved by Cabinet. As such Council has sufficient standing in the Council’s hierarchy to approve this derogation from policy especially given that the report contains enough information to explain the basis for the derogation in this particular case.

CONCLUSIONS

37. Whilst the increase in the costs of the proposed project are unfortunate it is felt that the unique nature of the project, the benefits that will be derived and the opportunity to better utilise an historic building owned by East Renfrewshire Council justify the additional costs.

RECOMMENDATIONS

38. It is recommended that

- a) Council note the delays to the project and the reasons for this;

- b) Note that the previously agreed provision of £418,000 from the General Fund Capital programme is insufficient;
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Director of Environment
Head of Public Protection and Children's Services (CSWO)

Further information can be obtained from Phil Daws, Head of Environment (Strategic Services) 0141 577 3186 or phil.daws@eastrenfrewshire.gov.uk

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