
CARE VILLAGE DEVELOPMENT - TWEEDBANK

Report by Director of Strategic Commissioning and Partnerships

SCOTTISH BORDERS COUNCIL

28 September 2023

1 PURPOSE AND SUMMARY

- 1.1 This report provides an update on the progress with the Tweedbank Care Village development following the Stage 3 Costing report.
- 1.2 On 19th March 2020, Council agreed the allocation of £22.679M for “new residential care provision” for Tweedbank and Hawick within the Draft Revenue & Capital Investment Plan (Revenue 2021/22 - 2025/26, Capital 2021/22-2030/31). Thus allowing £11.339M per facility.
- 1.3 In November 2021, Council agreed the recommendation set out in the OBC for Tweedbank Care Village to Approve that both Waverley Care Home (24 beds) and Garden View Intermediate Care Home (25 beds) operated by SBC are decommissioned and closed to secure revenue funding to provide for the Tweedbank Care Village. Section 11.2 provided an estimated cost for the facility of £14.3m.
- 1.4 In February 2023, as part of the financial planning process, an additional sum was agreed by Council to help fund the two care villages, giving an overall budget to build Tweedbank of £14.694M.
- 1.5 In February 2023 the stage 3 cost plan was received from External Cost Advisors showing an estimated projected cost of £21m.
- 1.6 Since the capital budget was agreed in March 2020 there has been a significant financial impact on the project due to high inflation.
- 1.7 Despite significant value engineering, following the stage 3 cost report, the indicative build cost for Tweedbank is estimated to be £19.3m giving a budget pressure of approximately £4.6m.
- 1.8 In light of the estimated cost to build the Tweedbank Care Village, it is not possible to deliver the vision for the build that was envisaged by Council in 2020 within the current agreed capital budget.

2 RECOMMENDATIONS

2.1 Scottish Borders Council is recommended to:

- (a) Notes the progress of the project in proceeding through the stage 3 design phase.**
- (b) Notes the continuing impact of inflation on the project budget and to mitigate this agree the project can proceed to the procurement phase to obtain an agreed contract cost, with a further report brought back to Council following the procurement stage, which will include a procured cost.**
- (c) Delegate authority to the Director Infrastructure & Environment in conjunction with the Director of Finance and Procurement to proceed through planning, detailed design and procurement process.**

3 BACKGROUND

- 3.1 The outline business case to develop a care village at Tweedbank to replace the existing Waverley Care Home and Garden View facility was agreed by Council in November 2021.
- 3.2 Since then, extensive stakeholder engagement has taken place as part of the design process to produce a design for the village that meets stakeholder requirements, statutory obligations and the care village vision.
- 3.3 The National Development Team for Inclusion were commissioned to carry out work with the local community and stakeholders to obtain their views on the initial designs and how the village would integrate with the wider Tweedbank community. This took place in the later part of 2022.
- 3.4 Stirling University Dementia Design Centre were commissioned to ensure the design incorporated best practice in dementia design to support achievement of the agreed vision.
- 3.5 Various funding and other options have been explored to deliver the vision within the current capital allocated, but none have proved to be viable option. The option set out in this report is considered to be the only viable option to enable the project to progress while maintaining the ability to deliver the agreed vision and requirements.

4 CARE VILLAGE DESIGN

- 4.1 The design of the new care village, and internal layout of the building has been designed to ensure that the service can be delivered in a way that enables safe working practices, dignity and respect for service users at all times, the input of the various stakeholders and considers dementia best practice. The design has also considered the Councils commitment to 'Clean Green Future' and how best to maximise the potential of the available land and surrounding environment.
- 4.2 During 2022, construction inflation was being reported in double figures through national indicators such as the Building Cost Information Service (BCIS). In particular, national bodies and cost advisors have indicated that this cost inflation over the second half of 2022 was tracking higher than the forecasts.
- 4.3 This has had a significant impact on the stage 3 cost plan which is significantly higher than the costs at stage two and on what can be provided within the agreed budget.
- 4.4 Over the past 6 months, value engineering works have been carried out to reduce the overall estimated cost of the build while still delivering the vision. Any further reduction of the design will mean that the agreed vision and requirements as set out in the outline business case cannot be delivered.
- 4.5 The 'Care Home For Adults Design Guide' produced by the Care Inspectorate sets out a number of conditions that must be met to enable registration and this has limited some of the possible Value Engineering

work. The Care Inspectorate have been involved throughout the design process to ensure the proposed design meets requirements for registration.

5 CAPITAL BUDGET AND AFFORDABILITY

- 5.1 The total approved budget for the care village is £14.694M. The table below shows the costs incurred to date along with the budget, after approval of the 2022/23 Capital Outturn by the Executive Committee in June 2023.

Costs to 31 March 2023 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total Approved Budget £'000
222	500	13,762	210	14,694

- 5.2 The stage 3 cost plan is estimating the cost of the project to be £19.3m. The floor area for the Care Village development is 4,700m². This gives a cost per square metre of around £4,100/m², which in today's costs is a comparable metric to other capital projects currently being taken forward by the Council. If permission is given to progress through Planning and Procurement the cost will be finalised in the procurement stage which would conclude early 2024.
- 5.3 The care village will also be the first development to be delivered on the Lowood site and therefore a catalyst for the Lowood future development leading to the realising of social and economic benefits for Tweedbank. As a result, within the cost plan, there are associated upfront infrastructure costs. These infrastructure costs will form part of an overall proposition that will be the subject of business cases currently being developed seeking external infrastructure funding for the wider Tweedbank Expansion development. Receipt of these infrastructure funds will be remitted against the Care Village capital fund. Costs associated with the construction of the access road, which is already underway, are also being sought through business cases.
- 5.4 It is recommended that to minimise the ongoing impact of inflation, and for this important strategic project to progress, the project proceeds to the procurement phase and obtains an agreed contract cost.
- 5.5 It is further recommended that delegate authority is given to the Director Infrastructure & Environment in conjunction with the Director of Finance and Procurement, to proceed through planning, detailed design and procurement process.
- 5.6 Budget pressures due to current market conditions are being experienced across all projects in the Capital Investment Plan that have not yet reached contract stage and the Care Village is no exception to this.
- 5.7 The inflationary pressures presented within this report will have the greatest impact in financial years 2024/25 and 2025/26. Financial pressures due to the revised estimated stage 3 cost plan as noted in 5.2 of this report will increase the Planned Programming Adjustment in future years of the plan and will be reflected in the Capital Monitoring (September 2023) Appendices

which will be brought to Council in November 2023. The funding of these pressures will be considered as part of the 2024/25 financial planning process.

- 5.8 Cost increases are being experienced across a significant proportion of Local Authority projects across Scotland. Council Officers, advisors from Hub SE, the design and delivery team have held a number of discussions to consider how best to manage inflationary pressures. Our consultancy team (Turner Townsend) have visibility on pricing and the allowances made and these costs are benchmarked against other projects nationally to ensure we realise value for money. Finally, whilst we expect inflation to fall, prices will continue to increase albeit at a lower rate. Taking the approach outlined allows the care village project to proceed to construction in 2024. In doing this, future exposure to inflationary cost increases is minimised.

6. NEXT STEPS

The project is currently behind the original timescale. This has occurred due to all stakeholders bring given the opportunity to input to the design to ensure all technical and legislative requirements have been met. Significant value engineering work to try and reduce the costs associated with the build has also caused time delays. Furthermore, the size of the care village necessitates a major planning application. As a result, it is no longer possible to bring the full business case, including tendered costs, to Council in December 2023. It is anticipated that the project will be in a position to present the full business case in the spring of 2024.

7. IMPLICATIONS

7.1 Financial

To allow this strategic Council priority project to proceed, it is recommended in this report that the Council agree to the project progressing, while acknowledging that the cost will exceed the agreed budget. The implications of this will be reviewed as part of the 2024/25 Capital Investment Plan.

7.2 Risk and Mitigations

The project is recommending the Council allow the project to progress based on the Stage 3 cost report. However, until procurement and market testing has been completed, we are unable to confirm what the final capital cost would be and there is a risk this could exceed the costs outlined in this report.

The mitigation for this is as follows:

- Extensive work has been carried out to ensure the costed design is that which will go out to procurement.
- Costs outlined in this report have been calculated by Turner Townsend cost consultants in line with industry standard practice.
- Procurement guidance and legislation will be followed to ensure best value for Scottish Borders Council.

A further report will be brought back to Council for their consideration and direction.

7.3 **Equalities**

- (a) An Integrated Impact Assessment has been carried out on the project and will be published at a point when the detailed design is complete.
- (b) It is anticipated that there are no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals in this report.

7.4 **Acting Sustainably**

The preferred option will have a positive impact on energy consumption when compared to the existing building.

7.5 **Carbon Management**

It would be planned that the new building will seek to minimise the use of fossil fuels.

7.6 **Rural Proofing**

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

7.7 **Changes to Scheme of Administration or Scheme of Delegation**

There are no changes to be made to either the Scheme of Administration or the Scheme of Delegation as a result of the proposals contained in this report.

8. **CONSULTATION**

- 8.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit and Risk, the Chief Officer HR, the Clerk to the Council and Communications have been consulted and their comments have been incorporated into the final report.

Approved by

Name: Jen Holland

Signature

Title: Director of Strategic Commissioning and Partnerships

Author(s)

Name	Designation and Contact Number
Andrew Medley	Programme Manager
Lynn Medley	Business Manager

Background Papers: [insert list of background papers used in compiling report]

Previous Minute Reference: [insert last Minute reference (if any)]

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Contact us at AMedley@scotborders.gov.uk