

## HAMPSHIRE COUNTY COUNCIL

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| <b>Committee/ Panel:</b>   | Buildings Land and Procurement Panel   |
| <b>Date of Decision:</b>   | 18 October 2011  |
| <b>Decision Title:</b>     | Children's Services / Property Services Integrated Capital Maintenance Programme 2011-2015                           |
| <b>Decision Reference:</b> | 3185   |
| <b>Report From:</b>        | Joint report from the Director of Children's Services and the Director of Culture, Communities and Business Services |

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### 1. Executive Summary

1.1. This report seeks approval to progress with the adoption of the following:

- The joint strategic approach to capital maintenance expenditure across the education estate using Children's Services and Policy and Resources capital programme funding. This is following a review of local priorities and risks undertaken in response to changes in Government grant funding allocations and the availability of a single grant for strategic Capital Maintenance of all schools in a local authority area.
- The joint condition priorities programme formulated between Property Services and Children's Services for 2011-2012.
- The joint condition priorities draft programme formulated between Property Services and Children's Services for 2012-2013. This programme to be adopted subject to the future announcements of Capital Maintenance settlement for 2012/13.
- The outline forward look joint condition priorities programme against any future Capital Maintenance funds 2013-14 – 2014-2015.

### 2. Contextual Information

- 2.1. Since the late 1990's, Government direction for Strategic Asset Management of the Education Estate has been driven around three parameters, Condition, Suitability and Sufficiency.
- 2.2. Central funding grants reflected these categories with the Targeted Capital Fund (TCF), Building Schools for the Future (BSF) and Primary Capital Programme (PCP) covering sufficiency. New Deals for Schools (NDS) grants were used to address Condition and Suitability. The NDS grant was split in

Hampshire 54% Condition and 46% Suitability based on early analysis of the existing liabilities and a pragmatic view of the balance of expenditure available (and much increased) funding. In addition to NDS grants, the County Council has historically supported the maintenance of the schools estate with its Capital Expenditure from Revenue Account programme (CERA).

- 2.3. Following the election of the current Government in 2010, and in part driven by the economic conditions, the grant allocation for schools capital has been redefined into two new categories, Condition and Basic Need.
- 2.4. Central funding grants have been changed to annual “Basic Need” and “Capital Maintenance” awards. The first round of these awards was announced in mid December 2010 and was better than originally assumed in Hampshire. There was a national reduction of schools capital of over 50%. The stopping of the Building Schools for the Future (BSF) was a major part of this reduction. There has also been an 80% reduction in Devolved Formula Capital to schools. This means that schools will have very little capital spending power of their own and will be more dependent on the Local Authority’s allocations. In effect, the total available across Hampshire schools is at similar levels to previous years, but the County Council now has the funding to prioritise on a strategic basis.
- 2.5. Whilst the County Council continues to receive capital funding for all schools (including academies, foundation and trust) then it will work with them in developing and delivering the strategy.
- 2.6. Not surprisingly, without Building Schools for the Future (BSF), the backlog condition liability in Hampshire Schools remains a significant challenge. The current settlements, if they are sustained and well directed will help to address this backlog.
- 2.7. It should be noted that Basic Need and Capital Maintenance grants are only secure at the current levels for 2011-2012. However, indications are they are likely to remain at similar levels for the period through to 2014-2015. The proposed strategy is based on an assumption that grant from the Department for Education (DfE) will be at similar levels in future years. On this basis, and with the scale of funding potentially available, the opportunity exists to strategically plan major condition priorities through to 2014-2015, recognising the need to adjust as necessary to any emerging pressures or changes in direction from Government.
- 2.8. It is important to note that the spend profile, based on categories of investment, is flexible and could be scaled up, scaled down and adjusted across the programme, dependent on future funding levels. It does not, however, take into account any potential for differing allocation or governance models as a result of the application of outcomes from the James Review of Education Capital published earlier this year.
- 2.9. A refreshed integrated programme has been developed where there are synergies and overlap across the two programmes, i.e. where priorities align. There are still a series of other projects and works which will be undertaken

by both Children’s Services and Policy and Resources from within allocations of grant and local resources independently.

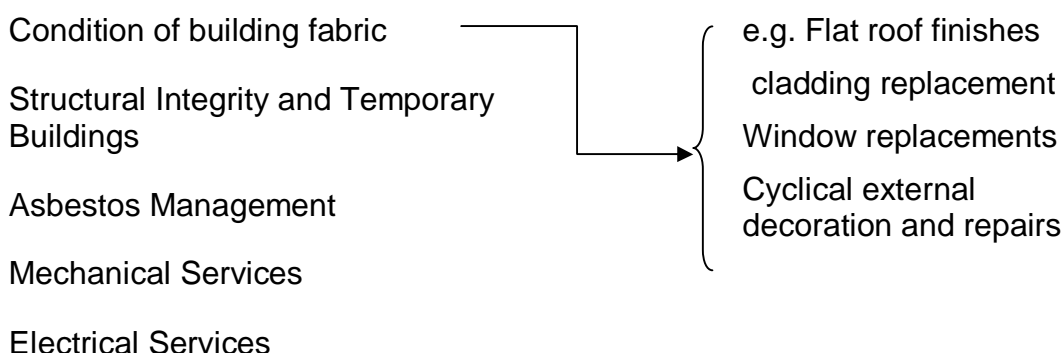
2.10. This report focuses on elements where there is an identified overlap that will deliver coordinated projects and best value. The principles of this can be illustrated in the following diagram:

|   |  |  |
|---|--|--|
| Children’s Services Capital Programme assessed priorities | Joint Strategic Programme where priorities overlap | Policy & Resources Capital Programme (schools) assessed priorities |
|---|--|--|

### 3. A Strategic Approach to Capital Maintenance

3.1. The key property risks have for some time been defined and managed by Property Services through the Corporate Risk Assessment (CRA) process. Within the CRA there are a number of risk headings against which capital investment is used to manage, reduce or eliminate identified risks. Other risks do not require capital investment but rely on local management action. The key CRA headings which do require capital investment are as follows:

#### Fire Safety Management and Arson Reduction



3.2. Against each of the CRA headings and the identified themes, a balanced set of strategies are employed. These approaches are regularly reviewed and adjusted as new knowledge and pressures emerge. The CERA and NDS programmes have for the last few years been committed against these key risk headings and themes. It is intended the CERA and the new Capital Maintenance (CM) funds will continue to be targeted to the highest identified risks by applying these strategies.

3.3. In relation to building condition liabilities, an assessment has been undertaken of the estimated total liability on an elemental basis, e.g. timber framed buildings, SCOLA cladding, and flat roof replacements. Using an informed view of replacement cycles and applying this to the total liability, gives an estimation of the commitment required in an average year to keep pace with the overall cycle.

3.4. Examples of this are as follows:

| Element                 | £k<br>Total<br>potential<br>Liability | Cycle Length<br>(years) | £k<br>Preferred planned<br>Annual Spend |
|-------------------------|---------------------------------------|-------------------------|---|
| Timber Framed Buildings | 16,200                                | 5 years                 | 3,300                                   |
| Flat Roof Replacements  | 60,000                                | 40 years                | 1,500                                   |
| External Decorations    | 13,000                                | 7 years                 | 1,900                                   |
| SCOLA 2/3 Cladding      | 195,000                               | Target 20 years         | 10,000 – 12,000                         |

3.5. It should be noted that continual investment and funding from central Government beyond the next four years is still required if the liabilities of the school stock in the County are to be reduced in the longer term.

#### **4. Joint Condition Priorities**

4.1. Many of the key themes are specifically related to maintenance elements but through coordination between the Director of Children's Services and Culture, Communities and Business Services (CCBS) and discussion with colleagues in Children's Services, a number of areas are of joint interest. These joint condition priorities are set out below:

##### **4.1.1 Fire Safety Management and Arson Reduction**

Fire safety is still the highest priority in schools and over recent years a range of priority management strategies has been adopted in this area. Much progress has been made to improve the safety of schools. The approach adopted is very much one of risk management relying on capital improvement programmes, a joint auditing programme with Hampshire Fire and Rescue Service, guidance for local managers supporting the actions they need to take and the development of risk profiles for fire safety in the education estate. Children's Services have and continue to contribute towards capital maintenance improvements from the health and safety budget which supplements commitments made from the CERA, Capital Maintenance and Policy and Resources revenue maintenance allocations.

##### **4.1.2 Timber Framed Buildings**

There are 24 significant timber framed buildings in the education estate. The Director of CCBS is currently conducting an assessment of these buildings that will be available in 2012. It is not anticipated at this stage there are any major structural issues with these buildings. However, keeping the timber structure in sound condition does require the development of a robust and regular maintenance programme. It is suggested at this stage that planning for the start of a re-cladding

programme is commenced as a joint priority between Children's Services and Property Services. The scale and scope of this programme will be defined by the findings of the study.

#### 4.1.3 SCOLA Re-cladding

The SCOLA 2/3 cladding liability is the biggest single condition issue in the Hampshire Schools estate. Approximately 40% of the total floor area of schools is of SCOLA construction. A successful programme of SCOLA 1 re-cladding is coming to a conclusion and this has taken around 15 years to complete. Two successful pilot schemes have been completed for the re-cladding of SCOLA 2/3 buildings. Re-cladding these buildings has major advantages, reducing on-going cyclical maintenance liabilities, improving thermal performance, reducing solar gain, improving ventilation, reducing glare and generally enhancing the teaching environment. It is estimated at this early stage in the SCOLA 2/3 re-cladding programme that an annual programme of around £10 million for 20 years would need to be sustained to re-clad the County Council's SCOLA 2/3 stock. Addressing this issue is seen as a key joint condition priority for the two Departments. The benefits will flow to both the County Council's asset base, as well as the environment within for teaching and learning.

#### 4.1.4 Upgrading of Toilets, Changing Rooms, Sports Halls and Kitchens

During the years when Devolved Formula Capital (DFC) was at much higher levels, many schools chose to invest their DFC in the refurbishment of toilets and changing rooms. There are still many more similar facilities which remain priorities for future investment. A further joint priority is therefore to develop programmes of refurbishment of these spaces based on condition and a risk assessment. A number of asbestos clad sports halls have been the subject of refurbishment programmes over recent years. There remain four further halls which have yet to have the roofing systems replaced. These are now included in the proposed programme.

#### 4.1.5 Replacement of poor condition temporary classrooms

There are currently 9 temporary buildings rated as requiring replacement in the near future. Replacement of those required to meet the basic need requirements are seen as a joint condition priority. A report listing the highest priority buildings for replacement will be brought to the Executive Lead Member for Children's Services Decision Day in the New Year.

#### 4.1.6 Opportunity and Seed funding of condition issues

There remains, from time to time, the opportunity to maximise the potential funding for joint condition priorities from various external sources. It is proposed that such opportunities should be supported jointly between Children's Services and Property Services.

## 5. Risk Profiling

- 5.1. For the joint condition themes set out in paragraph 4 above, risk profiles are either established or are being refined to structure the priority order for each

area. These risk profiles will remain live documents and will reflect the changing pressures and knowledge across the estate

## **6. Draft Programme for 2011-2012 to 2014-2015**

- 6.1. Appendix A sets out the outline forward look joint condition priorities programme 2011-2015 against any future Capital Maintenance funds.
- 6.2. Appendix B sets out a programme of the identified joint condition priorities which it is recommended should be funded from the 2011-2012 Capital Maintenance funding.
- 6.3. Appendix C sets out a draft programme of the identified joint condition priorities which it is recommended should be funded from the 2012-2013 Capital Maintenance funding. It is proposed the draft programme here attached is adjusted and adopted when the exact amount of the 2012-2013 Capital Maintenance fund has been announced by the Department for Education. In the interim the early design work will be commenced.

## **7. Recommendations**

### **7.1. That the Panel advises the Executive Member for Policy and Resources that:**

- a) The joint strategic approach to capital maintenance expenditure across the education estate using Children's Services and Policy and Resources capital programme funding, as set out in Appendix A, be approved.
- b) The joint condition priorities programme 2011-2012 formulated between Property Services and Children's Services set out in Appendix B be approved.
- c) The joint condition priorities draft programme 2012-2013 formulated between Property Services and Children's Services set out in Appendix C be approved, subject to confirmation of the 2012-2013 Capital Maintenance grant.
- d) The outline forward look joint condition priorities programme against any future Capital Maintenance funds 2013-2014 and 2014-2015 be endorsed in principle.

**CORPORATE OR LEGAL INFORMATION:**

**Links to the Corporate Strategy**

|   |     |
|---|-----|
| <b>Hampshire safer and more secure for all:</b>       | Yes |
| Corporate Business plan link number (if appropriate): |     |
| <b>Maximising well-being:</b>                         | No  |
| Corporate Business plan link number (if appropriate): |     |
| <b>Enhancing our quality of place:</b>                | Yes |
| Corporate Business plan link number (if appropriate): |     |

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

Document

Location

None

## **IMPACT ASSESSMENTS:**

### **1. Equalities Impact Assessment:**

- 1.1. An equalities impact assessment has been considered in the development of this report and no adverse impact has been identified. Access requirements are always considered during the design stages of building maintenance projects and are often improved.

### **2. Impact on Crime and Disorder:**

- 2.1. The County Council has a legal obligation under Section 17 of the Crime and Disorder Act 1998 to consider the impact of all the decisions it makes on crime prevention. The proposed programmes support the strategy for crime and disorder to include arson reduction, modifications to buildings to reduce vandalism etc. A fire review panel assesses all designs and will consider arson reduction measures.

### **3. Climate Change:**

#### **a) How does what is being proposed impact on our carbon footprint / energy consumption?**

Some of the programmes replace buildings fixtures, which are more efficient and reduce energy consumption e.g. re-lamping of buildings, re-cladding and reroofing.

#### **b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?**

Re-cladding and re-roofing SCOLA buildings has major advantages, improving thermal performance, reducing solar gain, improving ventilation, reducing glare and generally enhancing the teaching environment whilst using less energy.