

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Committee/Panel:</b>	Buildings, Land and Procurement Panel
<b>Date:</b>	18 October 2011
<b>Title:</b>	Revenue and Capital Repairs Budgets 2011/12 – Mid Year Update
<b>Reference:</b>	2524
<b>Report From:</b>	Director of Culture, Communities and Business Services

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#### 1. Executive Summary

- 1.1. The purpose of this report is to seek approval to re-profiling of the Policy and Resources capital repairs budget of up to £400,000 from 2011/12 to 2012/13.
- 1.2. This report seeks to:
  - Set out the latest position on the revenue and capital repairs budgets for 2011/12.
  - Outline the reasons for the proposed re-profiling of capital repairs funds
  - Highlight schemes to be added to the 2011/12 programme of capital repairs.

#### 2. Contextual information

- 2.1. The combined Policy and Resources and schools-funded revenue repairs and maintenance budgets for 2011/12 reported in April totalled £16.45 million. As in previous years this figure has been increased slightly to reflect actual funding from schools and now totals £16.509 million.
- 2.2. The capital repairs allocations have been increased by the amounts carried forward from 2010/11 increasing the Policy and Resources allocation by £2.312 million and the schools-funded allocation by £2.014 million. These amounts relate to work commissioned but not fully completed by 31 March 2011.
- 2.3. Responsibility for the activities funded from the Land Management allocation within the Policy and Resources capital repairs budget transferred from the Economy, Transport and Environment Department to Property Services with effect from 1 April 2011. As the majority of this allocation supports the cost of the small team the amount involved, £125,000, has been permanently

vired to Property Services' revenue budget and the capital repairs budget has been reduced by the same amount. Staff have now transferred to Property Services and the integrated Landscape and Land Management team.

- 2.4. The revised allocations for the current year are therefore £6.137 million for Policy and Resources and £15.743 million for school-funded capital repairs.

### **3. Revenue repairs**

- 3.1. Appendix 1 shows the level of commitment against revenue budgets as at 27 September 2011. The headline total of 85.1% includes both delegated budgets with no buy-back arrangements which are consequently shown as 100% committed (2011/12 value £3.16 million) and full year commitments under the engineering term maintenance contracts (2011/12 value £7.185 million). Excluding these two areas, the overall level of commitment is 59.7% of the mid year position.
- 3.2. While this is higher than at the same time last year it reflects impacts such a reduction of the revenue budget from the corporate efficiency agenda and significant theft of non ferrous metals. A change in approach this year with the development of focused programmes of revenue works has also seen a planned earlier commitment against the revenue budget. The forecast is for a balanced position at year end.
- 3.3. There has already been some commitment of Winter contingency funds to restore the condition of access roads or making good surfaces following the severe Winter in 2010/11. However, the majority of the contingency is for the moment being held in reserve in the event of similar Winter weather in 2011/12.

### **4. Capital repairs**

- 4.1. A summary of the commitments against both the Policy and Resources and the Dedicated Schools Grant (DSG) funded capital repairs allocations totalling £21.88 million is shown at Appendix 2. The overall percentage commitment to the end of July is higher than in previous years and this reflects a new approach in developing larger programmes of work to drive efficiencies both in procurement and use of reduced staff resources.
- 4.2. Progress against the Capital Maintenance programme is less advanced than the DSG programme. This is a result of the late allocation of grant from the Department for Education (DfE) in December 2010, but the end of year projection is that, expenditure of this programme will be achieved. A number of major engineering projects (boilers and underground heating mains replacements) have been progressed, but in order to complete the works outside the heating season these works on site will be undertaken in the 2012 summer period. Advanced work in anticipation of the 2012/13 programme is underway, which, subject to the DfEs confirmation, should ensure that the County Council is able to take full advantage of the 2012/13 summer period.

- 4.3. The majority of these workstreams are expected to be fully spent by year end although, as always, this will be influenced by the winter weather conditions and constraints of delivering repair and maintenance works in occupied buildings.
- 4.4. It has always been a priority to maximise the impact of available resources by collaborative approaches to achieving key strategic aims. Considerable joint work has been undertaken with Children's Services to ensure both the existing Dedicated Schools Grant capital funds and the new Capital Maintenance Grant are aligned to achieve shared objectives and there is a paper elsewhere on this agenda recommending a strategic approach to joint condition priorities.
- 4.5. A key programme with regard to the non-schools estate is Workstyle. While the Workstyle programme itself is designed to be self-funding through the generation of capital receipts and revenue savings, the Policy and Resources capital repairs programme is working in parallel with the project to deliver associated landlord priorities. This is likely to require the re-profiling of up to £400,000 of the 2011/12 programme into 2012/13 to align with the Workstyle programme timings and approval to this re-profiling is sought on this basis.
- 4.6. The new Capital Maintenance Grant for school buildings was announced by the Government in December 2010 and, as with previous New Deal for Schools allocations, it was agreed to share the funding between Children's Services and Property Services. The allocation to Property Services was £13.745 million and of this amount £5 million has already been allocated for Park Community School (a similar amount has also been earmarked from the 2012/13 allocation).
- 4.7. The level of the grant was not confirmed until mid December 2010 and the later timing of this announcement meant the lead-in time for planning the use of the grant was curtailed. This has been addressed both by the new approach to procuring larger workstreams (see 4.1) and the close collaboration with Children's Services colleagues (see 4.3) and it is hoped that the balance of amount allocated to Property Services (£8.745 million) will still be fully spent by year end. Again, the ability to complete works will be influenced by winter weather conditions.
- 4.8. It is proposed to add an additional project to the 2011/12 capital programme this year to avoid abortive remedial costs to address a roof recently found to have structural problems. The proposal is to replace the roof panels and waterproofing to the sports hall at Cranbourne School in Basingstoke. These works are estimated to be £240,000 excluding fees.
- 4.9. As part of the 2011/12 Capital repairs programme reported to BLAPP on 1 April 2011, a number of Primary schools are to have replacement window systems. Procurement of these works is now well advanced and two sites require higher levels of investment than previously reported; Sharps Copse Primary in Havant (now £235,000 plus fees) and Stoke Park Junior School in Bishopstoke (now £285,000 plus fees). These increased works and those proposed to the roof at Cranbourne School will be funded from lower than

expected tender returns elsewhere in the programme, as well as the deferral of works proposed at Bedenham Primary School in Gosport to Easter 2012 when these works can be better accommodated by the school.

- 4.10. New Deal for Schools (NDS) capital grant funding ended in 2010/11 and the terms of the grant require the full amount to be spent by 31 August 2011. This requirement has been met with schemes to the full value of the 2010/11 grant, £2.127 million, delivered by the due date. This concludes a spend of NDS funding totalling £113,666,000 since April 2001; a significant achievement that has made a major positive impact on the condition of the schools estate.

## **5. Other allocations**

- 5.1. Funding of £883,000 to support the installation of smart meters in schools was carried forward from 2010/11. Of this, £65,000 has been vired to revenue to cover costs incurred by the Engineering Term Maintenance contractors in this regard leaving £818,000. It is currently forecast that the balance of the programme will be delivered by the end of the year.
- 5.2. The Schools' Forum agreed to provide funding of £2.7 million to implement a programme of Advanced Boiler and Heating Controls in 2011/12. The programme will reduce schools' exposure to the new carbon tax as the measures are expected to achieve a reduction of over 3,200 tonnes of carbon emissions (5% of the total carbon footprint of schools).
- 5.3. Procuring a contract of this value has required an Official Journal of the European Union compliant procurement process to be followed. During the Summer, a first stage procurement process was undertaken to assess the capacity in the marketplace but insufficient sample suppliers submitted returns. An alternative procurement strategy is now being developed, using smaller lots. It is anticipated that the works will now commence in early 2012, later than was originally expected.

## **6. Recommendations**

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

- a) The re-profiling of Policy and Repairs capital budget of £400,000, as set out in paragraph 4.4, be approved.
- b) The proposal to replace roof panels and waterproofing to the sports hall at Cranbourne School in Basingstoke, at a total estimated cost of £240,000 excluding fees, be approved.
- c) The proposal to increase levels of investment at Sharps Copse Primary in Havant and Stoke Park Junior School in Bishopstoke, as part of the replacement window scheme, be approved.
- d) The proposal to carry forward £1.1 million of the Capital Maintenance Grant into 2012/13 for the major engineering schemes set out in paragraph 4.2, be approved

- e) The proposal to carry forward £1.35 million of the Schools Forum funding into 2012/13 for the completion of the advanced boiler control programme as set out in paragraph 5.2, be approved.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	Yes
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	Yes
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	Yes
Corporate Improvement 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.)**

DocumentLocation

None

## **IMPACT ASSESSMENTS:**

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

1.1. No adverse impact has been identified.

### **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 the prevention of crime. The proposals in this report have no impact on the prevention of crime.

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

3.1. The proposed budget allocations will support climate change proposals.

**Revenue Maintenance 2011/12**  
Commitments as at 27 September 2011

	<b>Budget</b>	<b>Commitment</b>	
	£'000	£'000	%
<b>Non-Education Services</b>			
Redecorations	597	90	15.1
Engineering servicing and repairs	1,851	1,832	99.0
Minor structural repairs	946	780	82.5
Asbestos testing	45	0	0.0
Vandalism reinstatement	120	78	65.0
<b>Sub-total</b>	<b>3,559</b>	<b>2,780</b>	<b>78.1</b>
Contingency	418	11	2.6
<b>Delegated to schools</b>			
Delegation under LMS scheme	2,717	2,717	100.0
Eotas	25	25	100.0
Delegation under fair funding:			
Community Schools	8,781	7,876	89.7
Foundation Schools	431	431	100.0
<b>Sub-total</b>	<b>11,954</b>	<b>11,049</b>	<b>92.4</b>
<b>Other Allocations</b>			
Strategic consultants	433	199	46.0
Non functional buildings	116	7	6.0
Gypsy and Traveller Sites	29	0	0.0
<b>Sub-total</b>	<b>578</b>	<b>206</b>	<b>35.6</b>
<b>Total</b>	<b>16,509</b>	<b>14,046</b>	<b>85.1</b>

**Notes:**

1. Budget figure includes minor adjustments relating to schools allocations.
2. The figure quoted for asbestos testing indicates that no contracts have been let up to the end of September but work is planned to spend the allocation in full this year.
3. Strategic consultants are employed when necessary to provide additional resources to deal with peaks in workload and to cover areas where the full complement of specialist skills is not retained in house (e.g. Acoustics, Structural Engineering, Ecology)

**Capital Repairs 2011/12**  
Commitment as at 27 September 2011

Area of Work	Budget	Commitment
	£'000	%
<b>Corporate Risk Assessment</b>		
Condition of building fabric	10,529	31.7
Mechanical services failure	2,749	59.6
Fire including arson	1,030	29.6
Electrical services failure	2,824	73.5
Asbestos	821	39.0
Structural collapse	333	71.0
High level access to plant	129	15.7
Other priorities	768	29.6
CRA contingency	280	0.0
<b>Other Allocations</b>		
Joint funded landlord's minor works	254	100.0
Strategic maintenance	36	100.0
Landlord's contributions	55	100.0
County Farms	228	133.0
External works/landscaping	182	46.0
Other priorities	401	22.3
Contingency	1,261	100.0
<b>Total</b>	<b>21,880</b>	<b>46.9</b>

Notes:

1. Amounts include fees and have been adjusted to include the value of the year end carry forward totals and other changes to the overall budget referred to in section 2 of the report.