

**HAMPSHIRE COUNTY COUNCIL**

<b>Committee/ Panel:</b>	Buildings, Land and Procurement Panel
<b>Date of Decision:</b>	4 January 2011
<b>Decision Title:</b>	Property Services Service Level Agreement (SLA) with Hampshire School 2012 to 2017
<b>Decision Reference:</b>	2718
<b>Report From:</b>	The Director of Culture, Communities and Business Services

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## 1. Executive Summary

1.1. The Property Services Service Level Agreement (SLA) 2007 to 2012 for Local Authority (LA) maintained and Aided schools is due for renewal in April 2012. Annual contracts to provide Property Services support to converted and Sponsored Academies are currently in place and some are due for renewal from April 2012. This report sets out the latest context, pressures and proposed new Property Services offerings to LA schools and Academies.

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

- A new improved Property Services offering to LA schools to run from April 2012 to April 2017 based on the successful 2007-2012 SLA.
- The development of an offer to converting Academies to work together in partnership with the County Council in a collaborative manner and for mutual financial benefit. This offer is to provide support for both revenue and capital funded property maintenance services.
- As an alternative to collaborative working a formal contract for both revenue and capital Property Services is to be offered to “Converter” Academies not wishing to pursue the alternative approach.
- The development of an offer to “Sponsored” Academies to work together in partnership with the County Council in a collaborative manner and for mutual financial benefit. This offer is to provide support for revenue funded property maintenance services only. It is not possible to offer a Capital service, given the way Sponsored Academies are funded by the Government.
- As an alternative to collaborative working a formal contract for revenue funded Property Services is to be offered to Sponsored Academies not wishing to pursue the alternative approach.

## **2. Background to the Current SLA and Schools Funding**

- 2.1. There is significant uncertainty around the future of capital and revenue funding of schools with both being the subject of current Department for Education (DfE) consultations. However, the current Property Services Schools SLA and some of the contracts with Academies are due to be renewed from 1 April 2012.
- 2.2. Over the course of the current successful SLA for schools 2007-2012 it has been possible to provide a single level of service to all publically funded schools in Hampshire across all sectors. This single SLA offering discharges the “fair funding” maintenance responsibilities for schools and it is that allocation (in devolved revenue budgets) which meets the costs of the Property SLA. The current revenue funded SLA is a significant part of a fully integrated suite of services enjoyed by LA schools in Hampshire who purchase the Property Services SLA. Appendix 1 illustrates this seamless suite of Property Services. The current contracts with converting Academies looks to replicate this seamless service and has been strongly supported in its first year with a high level of buy back.
- 2.3. It is key to note that the current central Government education initiatives are resulting in an emerging fragmentation of the schools estate into three distinct sectors as set out below with projections of the numbers in each by April 2012:
  - LA and Aided Sector 501 (of which 52 are Aided)
  - Converted Academies – 24 (of which 3 were Aided)
  - Sponsored Academies –2.
- 2.4. Converting Academies will be an important potential client group for Property Services and if the Capital awards from the DfE for 2010/11 are a precedent for the future, there will remain a shared interest with the County Council in ensuring the sound maintenance of these Academies going forward.
- 2.5. In 2011/12 Converter Academies were given the option to bid to the governments central funding agency for capital maintenance priorities while also having access to the Capital Maintenance grant awarded to the County Council. Property Services supported Converted Academy bids to the central funding agency and secured £1.5 million of additional grants for building maintenance issues. These additional awards had the affect of reducing the overall capital liability currently held jointly by the County Council and Academies, enabling more of the Council’s direct allocation to be spent on other schools.
- 2.6. Current School Funding Context
- 2.7. Key to making successful Property Services offerings is to understand the funding context for schools and Academies. Schools are already conscious of current and are anticipating the future pressures on their budgets. For schools this is likely to translate into challenging decisions on priorities.

2.8. The following key areas need to be considered:

- DfE Review of Schools Capital Funding: The James Review lead the way on the review of schools capital funding. Whilst not directly related to a revenue SLA how capital funding is allocated for Basic Need and Capital Maintenance will be key to the future relationship with schools. Appendix 1 demonstrates the close interrelationship between capital and revenue funding streams and the current sharing of responsibilities for capital maintenance of Academies. The final outcome of the review is still awaited.
- Devolved Formula Capital (DFC): This was dramatically reduced from 2011/12 by some 80%. The allocation in Hampshire is down from £22 million to £4 million per year. This leaves the schools with significantly reduced scope in their own budgets for capital works.
- DfE Review of Schools Revenue Funding: The outcome of this review is awaited. It is worthy of note that the Landlord Capital Programme capital maintenance funding is in the scope of the review. What is clear is the emerging changes in revenue funding of converting Academies. A proportion of the revenue funding of schools is categorised as the “Local Authority Central Spend Equivalent Grant” (LACSEG). This is the portion of schools revenue which has been the focus of considerable debate. This has an impact on the distribution of funding available to maintain converted Academies. Current contracts with converted Academies require that they meet an additional charge to purchase the SLA to ensure they make equal and fair contributions to those from LA schools.

2.9. It is clear much uncertainty still exists around the future funding of schools. It is unlikely the impact of any changes will affect budgets until the 2013/14 financial year for LA schools. It is possible there will be new arrangements in place for Academies for September 2012 (the start of their financial year). However, we now need to agree new Property Services offerings to the three emerging sectors in the schools estate to meet the renewals timetables of existing arrangements.

**3. The Legal Framework around Property Services offers**

- 3.1. Local Authority (LA) and Aided Schools - The current SLA approach remains the appropriate framework for the new proposed offering to LA maintained and Aided schools.
- 3.2. Converter Academies - With the funding uncertainties currently around schools the Property Services offer of services to Academies is based on the assumption that the current funding settlements and sharing of capital responsibilities LA/Academy will remain at similar levels going forward. Formal contracts are currently used for the provision of Property Services to Converter Academies. Contracts will remain an option in future but an alternative would be to develop an offer to converting Academies to work together in partnership with the County Council in a collaborative manner

and for mutual financial benefit. This offer would be to provide support for both revenue and capital funded property maintenance services.

- 3.3. The approach within current formal contracts and proposed to be adopted in any collaborative approach is that converter Academies will be offered the same level of service as LA Maintained schools. However, Academies will be asked to meet an additional charge equivalent to the proportion of the LACSEG transfer which relates to Property and Asset Management. This is currently £18.59 for each Secondary aged pupil and £18.05 for each Primary aged pupils per year.
- 3.4. Sponsored Academies. Formal contracts are currently used for the provision of Property Services to the two Sponsored Academies in Hampshire, Havant and Everest. The County Council does not have capital maintenance responsibilities for these two Academies. With Everest having a new set of buildings and following the current significant investment at Havant neither site is expected to have any substantial capital maintenance liabilities. It is proposed that formal contracts for Revenue only (day to day) maintenance are offered to both Sponsored Academies when the current contracts expire. With the agreement of the Academies it is also possible to develop a collaborative approach for Sponsored Academies with the agreements tailored to deliver revenue services only.

#### **4. Outline of New Offers**

- 4.1. It is clear from developments over the last 12 months that no single offering will meet the demands of the different emerging sectors in schools. It is therefore proposed the approaches set out in 3 above are adopted. The foundation to each of the offers is that the same level of service will be maintained to each of the sectors wherever funding mechanisms will allow this. This will mean that Academies will need to make additional contributions from their LACSEG delegated budget to secure the same level of service. The following changes are proposed to the levels of service in the current SLA to hone and improve the offering to all sectors.
- 4.2. Property Services recognises the financial environment is very different than in 2007 when the last SLA was issued to schools. Some of the efficiencies made in Property Services to meet the Corporate drive to reduce costs have and will deliver more cost efficient works and the management of those works delivered as part of the Property Services offerings to schools. The changes in the funding arrangements for schools are also producing efficiencies. These include the following:
  - Rationalisation of the number of Term Maintenance Contract (TMC) arrangements to cover engineering and building repairs from August 2012
  - Incorporation of the overall property helpdesk function within the TMC from August 2012 in lieu of separate arrangements at present.

- Reduction in DFC and a move toward more centralised programme for building condition issues which can be planned and delivered more cost effectively
  - Further aggregation of programmes of maintenance works delivered by framework arrangements delivering efficiencies in project management and the benefits of scale
  - The general economic environment is seeing competitive pricing of frameworks and traditionally tendered works seeing more work delivered for the same available funding.
- 4.3. Recognising the pressures on schools revenue budgets and the efficiencies being made in Property Services it is proposed to reduce the annual cost of the offerings to schools by 10% for the period 2012 to 2017.
- 4.4. The current Property Services SLA 2002 to 2007 includes the first £50,000 of projects funded by schools to be free of charges for the professional time involved. One clear benefit of this approach has been that many smaller projects have been delivered via Property Services which has seen those works better managed with tighter control over aspects such as health and safety and asbestos management and removal. It is proposed that this approach remains a feature of the new offerings for LA, Aided and Converter Academies but with a specific link to their DFC allocations.
- 4.5. A different length of term for the offerings to schools has been considered but the conclusion is that the new offerings should replicate the previous SLA and are proposed as five year agreements. This is principally to secure the right level of certainty for the County Council when procuring and committing to the significant Term Maintenance Contracts (TMCs) due for renewal in August 2012. The length of these contracts are also set at 5 years and are deemed to attract contractors offering competitive prices, the right commitment to the level of services we require and a good level of service stability for the schools and other clients.
- 4.6. Safeguarding and CRB checking is a current issue in schools and is the subject of a review nationally following review by the Government of the proposed Independent Safeguarding Authority scheme. However, the issue for schools has become more onerous to manage, not least due to the stance being taken by Ofsted during inspections. As many Property Services staff are frequent visitors to schools it is proposed the new offerings to schools will incorporate confirmation that all Property staff will carry an enhanced CRB check. This will facilitate effective management of safeguarding by schools and unimpeded site visits by Property Services staff.
- 5. New Term Maintenance Contracts (TMCs) and Helpdesk**
- 5.1. An OJEU compliant procurement for new TMCs is currently due to conclude in the spring to allow a suitable handover in time for the end of the current contracts in August 2012. This new generation of contracts will provide for combined engineering, building maintenance and helpdesk arrangements.

These new arrangements will offer opportunities to deliver more efficient services at the same high standards enjoyed by schools in Hampshire for more than a decade.

## **6. Recommendations**

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

- a) The proposals for a new and improved Property Services Service Level Agreement with Local Authority and Aided schools, to run from April 2012 to April 2017 be adopted, based on the successful 2007-2012 Service Level Agreement and as set out in this report.
- b) The proposal for a new Property Services collaborative working arrangement with converted Academies be developed and offered to converted Hampshire Academies, as their current Property Services contracts expire through 2012. The basis for the offer is that the same level of service will be maintained to Converted Academies wherever funding mechanisms will allow this. This will mean that Academies will need to make additional contributions from their LACSEG delegated budget to secure the same level of service. This collaborative approach is to provide support for both revenue and capital funded property maintenance services.
- c) The option for a formal contracts for both revenue and capital Property Services be offered to Converter Academies not wishing to pursue a more collaborative approach.
- d) The proposals for a new Property Services collaborative working arrangement with Sponsored Academies be developed and offered to Everest and Havant Academies, as their current Property Services contracts expire during 2012. This collaborative approach is to provide support for revenue funded property maintenance services only.
- e) The option for a formal contracts for both revenue Property Services be offered to Havant and Everest Academies, should they not wish to pursue a more collaborative approach.

**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 not been considered appropriate in the development of this report.

### **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.

Current SLA "seamless" Service Offer

