

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Committee/Panel:</b>	Buildings, Land and Procurement Panel
<b>Date:</b>	3 July 2012
<b>Title:</b>	Strategic Asset Management – Risk Management 2012/13
<b>Reference:</b>	3671
<b>Report From:</b>	Director of Culture, Communities and Business Services

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### 1. Executive Summary

1.1. This annual report sets out the current Risk Management Strategy for the Built Estate to ensure that investment decisions are based on a strategic risk assessment approach.

1.2. This report, through the Strategic Management Framework:

- identifies health and safety priorities for 2012/2013
- recommends that resources are directed to the highest and most significant liabilities across the built estate
- validates performance over the last year and provides a summary of the planned actions and resources required for continuous improvement
- provides information on the revised key strategic asset risks.

### 2. Resource Allocation

2.1. The Landlord and Capital Repairs budget allocation for 2012/13 will be directed to address the highest known condition priorities for health and safety risks defined and set out in the Strategic Risk Register. An additional allocation of £5 million for the non-schools estate over the period of 2012-2014 will considerably assist in ensuring a number of key priorities can now be addressed for corporate buildings. Dedicated School Grant (DSG) funding may only be spent on work to school buildings and the level of this funding means considerably more resources have traditionally been available to address risks in the school estate than the non schools estate. Prioritising the budget in line with the Strategic Risk Register ensures improvements to County Council properties and provides better, safer and more sustainable buildings to benefit all building users. The budget allocations were considered at the last Buildings, Land and Procurement Panel in April 2012

and approved at the Executive Member for Policy and Resources Decision Day on 19 April 2012.

- 2.2. A Capital Maintenance Grant of £19.7 million for school buildings has been received from the Department for Education for 2012/13. This is allocated to key themes of capital elemental replacement linked to the strategic risk headings. These funds will deliver key improvements including addressing a further phase of SCOLA recladding schemes and the highest known risks in the education Built Estate portfolio, the rebuild of the majority of Park Community School due to structural issues.
- 2.3. The financial approach set out represents the optimum position to enable compliance with statutory inspections, balanced against essential maintenance replacement programmes. It continues to remain a challenge in delivering steady improvement programmes for the highest risks; whilst continuing to manage and maintain performance in other lower risks. The higher level of funding allocated to non education and education sectors for 2012/13 than in recent years is an encouraging position. Table 1 sets out the revised allocations for 2012/13 and includes projected carried forward amounts from 2011/12. Formal planned carry forward of £1,331 on the non school estate will be confirmed as part of the final accounts process and Schools Forum will consider the request to carry forward £2950,000 from 2011/12 at its next meeting; in addition to £109,000 to conclude the smart meter programme.

The detailed programmes for the expenditure of the capital budgets is set out in the “Revenue and Capital Repairs Budget: Outturn for 2011/12 and Programmes for 2012/13” report, which was considered at the last Buildings, Land and Procurement Panel on 13 March 2012.

**Table 1 – Capital Budget**

	<b>Expenditure</b>	<b>Budget</b>
	2011/12	2012/13
	(£,000)	(£,000)
Condition of Building Fabric	8,456	8,097
Preventing Mechanical Services Failure	2,854	1,971
Fire Safety Management including arson prevention	1,045	627
Preventing Electrical Services Failure	2,302	1,214
Management of Asbestos	949	821
Preventing Structural Failure	424	321
High Level Access to Plant	32	56
Other CRA Priorities	655	1,299
CRA Contingency	n/a	204

### **3. Risk Management Strategy 2012/2013**

- 3.1. The current Strategic Risk Assessment and Performance Framework for the Built Estate for 2012/13 are attached in Appendix 1. Each risk has an abridged commentary. Further information can be found in the Risk Register. The corporate programme requires an annual assessment of each risk by the end of August each year. This year the Director of Culture, Communities and Business Services (CCBS) has agreed an integrated risk management strategy that reviews risks quarterly and reports by exception through the departmental performance report. The CCBS Strategic Risk register is funded, in the main, by resources available during the financial year 2012/2013.
- 3.2. In 2011/12 16 strategic risks remained in Property. These were ranked with a detailed assessment and management programme. Two risks (Fire Safety Management and Failure to manage the risks associated with Construction Activities) have been amalgamated due to the departmental merger of Property, Business and Regulatory Services, and Culture Communities and Rural Affairs. These now sit in the risk register as a cross cutting departmental risk with a Property Services lead. The level of risk and the level of performance for these two risks have been assessed as medium/amber and medium/green respectively.
- 3.3. 2012/13 has assessed the *Condition of Building Fabric including Vandalism for Non Education* as high, with the level of performance at green. The additional capital repairs funding allocated for this year and next will enable significant steps to be taken to begin to reduce these risk ratings over time. It's hoped that similar levels of expenditure will be able to continue in future years.
- 3.4. The remaining risks include nine with a medium impact and four with a low impact. All of these risks performance have been assessed as green. The key actions for all risks that were resourced and completed during 2011/12 are summarised in Appendix 2, Table 1. Appendix 2, Table 2 proposes key areas of risk improvement for approval in 2012/13.

### **4. Condition of Building Fabric – Non Education**

- 4.1. Condition of Building Fabric for Non Education Buildings remains the highest risk. Although still high, the risk level has been reduced and the level of performance for 2011/12 has moved from amber to green.
- 4.2. Total funding has been confirmed as £8.097 million for 2012/13. This represents an increase in budget that will help to reduce the 'risk gap' between Non Education and the Education Estate.
- 4.3. Metal theft remains an ongoing problem across the estate in terms of both replacing the stolen lead and the consequential damage. The Property Services Team continue to develop the management strategy and build on the established links with the Community Safety Team and Hampshire Police to prevent this theft. 'Low value' replacement metal is used where it is possible to do so to reduce the risk of re-occurrence.

## **5. Fire Safety Management**

- 5.1. The performance for this risk remains at Amber due to the amount of survey and physical work still required across the entire Built Estate to reach benchmark standards. Good progress is being made on the Council's strategy to turn this 'green' in the medium term. There has been a significant amount of investment in Fire Safety over the last 10 years which includes management controls. Refer to the report of Fire Safety and Sprinklers elsewhere on the agenda.
- 5.2. The amount of investment for 2012/13 has been confirmed as £627,000. This represents a reduction from the previous year as the assessed risk has reduced.
- 5.3. There remain a number of buildings that do not yet meet the benchmark standards set out in the Fire Safety Management Manual because of the age of the estate. There also continues to be some variable quality of management regimes in place. An ongoing programme of audits and training in partnership with HFRS mean that steady improvement is being made in this area.
- 5.4. As a result of a review of the Fire Safety Management training in 2011/12, an improved and accredited course is due to commence delivery in September 2012. It is essential that the Council continues to manage risk effectively working in partnership with building users and have robust procedures for targeting resources to the highest priority area.

## **6. Condition of Building Fabric – Education**

- 6.1. The Education portfolio remains the third highest risk in the Property Built Estate. This includes the element of vandalism. The vast amount of data and intelligence associated with this risk has allowed significant investment and robust management controls which has allowed the performance to remain at green.
- 6.2. There continues to be a significant risk of an incident relating to building condition despite the performance rating. This is due to the gross level of repair liability (identified through the Asset Management Plan condition survey data across all schools) within the estate estimated at over £500 million. However, there is an ongoing reduction in this liability in real terms over the last 15 years which is positive against the upwards national trend.

## **7. Asbestos Management**

- 7.1. Asbestos management is ranked fourth on the Property Services Strategic Risk Register as a medium risk with a green performance rating for 2012/13. Robust systems are in place which include survey programmes to minimise uncontrolled asbestos disturbance. To comply with the Control of Asbestos Regulations (CAR) 2012, the County Council commissioned a survey to improve the accuracy of asbestos registers in April 2006. Asbestos management surveys of the Education estate were completed in March 2012.

This contract represented good value for money and helped manage asbestos efficiently within the allocated budget.

- 7.2. To meet legal requirements, the County Council has committed to formally re-inspecting asbestos materials on a periodic basis using contractors specially trained for the purpose. A risk based programme has been adopted to inspect high risk materials annually, and lower risk materials on a biennial basis. Despite the excellent controls in place, there are still a very limited number of disturbances annually that are investigated and rectified to eliminate risks for contractors and building users.

## **8. Conclusions**

- 8.1. Progress continues to be realised through a focussed management action and capital investment according to the rank order of the published Property risks.
- 8.2. The annual risk review demonstrates that risk management continues to be effective in all key areas of Property Services business. The departments new approach to integrated risk management and performance reporting will deliver further positive and sustained improvement in risk management.

## **9. Recommendation**

- 9.1. **That the Buildings, Land and Procurement Panel advises the Executive Member for Policy and Resources:**
- 9.2. That the implementation plan for the Property Services Strategic Risk Register for 2012/13 as set out in Appendix 2, Table 2 - Summary of Planned Actions for Implementation in 2012/13, 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>	No
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. An equality impact assessment has been considered in the development of this report and 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 crime prevention. Some of the programmes support the strategy for crime and disorder to include arson reduction, modifications to buildings to reduce vandalism etc

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

- 3.1. Some of the programmes replace buildings fixtures which are more efficient and reduce energy consumption e.g. replacing out of date light fittings in buildings.
- 3.2. The department has a Sustainability/Climate Change Board which is supporting the direction of resources. A new strategic risk has been added to coordinate activity across both agendas.

**Summary of highest risks WITH controls in rank order showing current performance in how risk is managed against agreed mitigation using a traffic light colour coding**

Rank	Level of risk	Risk Title	Risk description	Traffic light to illustrate performance
1	High	Condition of building fabric including vandalism - non education buildings	Since there are a broad range of non educational buildings in terms of age and construction, this risk associated with condition is defined as the state of repair of all components including fabric, plant and services and the risk of failure of components. Condition surveys are completed every five years and annual management partnership meetings are undertaken to prioritise repair and maintenance programmes.	Green
2	Medium	Fire safety management including arson prevention	The performance for this risk remains at Amber due to the amount of survey and physical work still required across the entire Built Estate to reach benchmark standards. Good progress is being made on the Councils strategy to turn this 'green' in the medium term. Fire safety remains a high risk particularly in residential buildings such as older persons homes. Irrespective of the cause, malicious or otherwise, fires can present a significant business or community loss causing serious damage to buildings including schools, offices, public buildings and day centres. The estate is categorised into risk groups and subject to a comprehensive survey and joint inspection programme with HFRS. The Fire Safety Manual has been reviewed and reissued to comply with the Regulatory Reform (Fire Safety) Order 2005. A strategy for arson reduction is in place and is reducing the risks in schools.	Amber

Rank	Level of risk	Risk Title	Risk description	Traffic light to illustrate performance
3	Medium	Condition of building fabric including vandalism – education buildings	The risk associated with condition of education buildings describes the state of repair of all components including fabric, plant and services and the risk of failure of components. There are a number of ways in which the County Council addresses these matters including; a condition survey programme, a helpdesk to provide reactive response, revised security contracts and annual management partnership meetings. Capital Repairs and Government Grant funding has benefited schools over the last decade increasing the quality of the buildings and reducing liability compared to the non-education estate identified as a separate risk in this register.	Green
4	Medium	Asbestos management	This risk covers the management of asbestos containing materials (ACM) within all County Council buildings through a comprehensive survey programme, database of identified materials and publication of an annual asbestos register for every site. Guidance, instruction and training has been developed and updated for property services staff, building users and monitored contractor performance. ACMs were used in construction until 1999 following the introduction of legislation. This means that the majority of the County Council's buildings have asbestos material requiring comprehensive survey and planning before undertaking invasive work such as refurbishment.	Green
5	Medium	Preventing mechanical engineering service failures	This risk covers mechanical engineering plant such as gas appliances, pressurised systems and ventilation systems associated with building services. Mechanical engineering plant is usually located within dedicated plant rooms or kitchens and have the potential for fire or explosion associated with failures. This risk also includes bottled gases, school teaching equipment, welding	Green

Rank	Level of risk	Risk Title	Risk description	Traffic light to illustrate performance
			equipment and expansion vessels. Regular servicing by the term contractors and inspection and testing are completed and recorded in a database. The County Council has a written scheme of examination delivered by competent staff and this is monitored through quarterly meetings and monitoring of risk assessments	
6	Medium	Preventing electrical services failure	This risk covers any loss or damage associated with electric shock or short circuit in the built estate associated with the fixed installation and equipment in all County Council premises and sites. Term contracts are in place for day to day maintenance and a maximum five yearly Test and Inspection (T&I) regime completed by specialist contractors is undertaken. An in-house database and management system record T&I's and are updated regularly with quarterly reports. If the failure affects the servers Data centre there is a risk that the reputation of the County Council will be compromised with some business continuity impact and minimal environmental impacts.	Green
7	Medium	Detection of Legionella	This risk covers the growth of Legionella bacteria with the potential to cause ill health and infection in building users. Hot and cold water systems in the majority of our buildings predate modern design standards. Risk premises also include residential homes, schools and any building with shower facilities. Key to the management regime is the local management control of hot and cold water systems, i.e. flushing of outlets and recording temperatures.	Green
8	Medium	Glazing and window safety	This risk covers all glazing in the built estate. It covers opening windows, maintenance, protection and suitability for use. The built estate comprises 1100 sites and about 7,500 buildings which includes thousands of window and glazed areas. Typical risks include a fall from height where window opening is unrestricted and	Green

Rank	Level of risk	Risk Title	Risk description	Traffic light to illustrate performance
			glass breaking due to impact and causing injury. Persons at risk include the very young, school children, the elderly, unsupervised members of the public. Cleaning staff and contractors.	
9	Medium	Failure to manage the risks associated with CCBS construction activity	This risk covers contractor poor performance which gives rise to an incidents or accident. The register of contractor lists 120 general builders and 200 specialist traders. Property Services manages approximately 80 capital schemes (greater than 75k) each year and numerous (up to 30,000) smaller projects costing up to 75k and small works orders. The construction related expenditure is £120m per annum on new buildings and maintenance of the existing estate.	Green
10	Medium	Higher level access for maintenance to plant and buildings	This includes the risk of personal injury to contractors or site staff required to access plant and parts of buildings for maintenance and repair. This requires contractors staff to set controls, or carry out repairs, maintenance or servicing. Other people at risk are trespassers who may attempt to access plant rooms if there are access arrangements in place. This risk also covers working in close proximity to drops where such equipment would be used when carrying out basic maintenance tasks and the arrangements for the certification and inspection of fall arrest systems.	Green
11	Medium	Preventing structural collapse and temporary buildings	The built estate has approximately 5500 permanent buildings and 150 temporary buildings across several thousand sites. A regular inspection programme of all buildings is undertaken based on risk profile to ensure that all buildings, permanent or temporary, are structurally sound.	Green

### Summary of Property Services Strategic Risk Programmes 2011/12 and 2012/13

**Table 1: Summary of 11 highest risks confirming achievements during 2011/12**

Risk Title	Achievements or key actions completed for 2011/12
Condition of building fabric including vandalism - non education	<ul style="list-style-type: none"> <li>• Delivered the 2011/12 landlords capital and capital maintenance programme</li> <li>• Developed a life-cycle cost model to understand liabilities in the estate and to inform future years capital investment</li> <li>• Secured an additional £5 million Capital from the County Council to invest in addition repair and maintenance programmes</li> <li>• Continued to develop links with the police, particularly around metal theft including a joint strategy for metal theft reduction.</li> </ul>
Fire safety management including arson prevention	<ul style="list-style-type: none"> <li>• Delivered ongoing programme for 2011/12</li> <li>• Delivered agreed programme for Joint Fire Precautions surveys in conjunction with HFRS – Phase 9 Autumn 2011 – all now completed with no formal enforcement by HFRS.</li> <li>• Fire Safety Corporate Training developed as part of corporate review of Fire Safety Management.</li> </ul>
Condition of building fabric including vandalism - education	<ul style="list-style-type: none"> <li>• Delivered the 2011/12 landlords capital and capital maintenance programme</li> <li>• Development of a life-cycle cost model to understand liabilities in the estate and to inform future years capital investment</li> <li>• Continued to develop links with the police, particularly around metal theft including a joint strategy for metal theft reduction.</li> </ul>
Asbestos management	<ul style="list-style-type: none"> <li>• Improvements have been made to asbestos registers to enhance ease of use on site. Further improvements have been developed ahead of data integration with the new Asset Management System</li> <li>• Asbestos management surveys have now been delivered across the education estate</li> <li>• 'External' business has increased through a shared service agreement with Portsmouth City Council.</li> </ul>

### Summary of Property Services Strategic Risk Programmes 2011/12 and 2012/13

Risk Title	Achievements or key actions completed for 2011/12
Preventing mechanical engineering service failures	<ul style="list-style-type: none"> <li>• Carbon Monoxide alarm installations in domestic type residential properties completed</li> <li>• Continue with oil tank and LPG installation upgrade programme</li> <li>• Continue with pressure safety/pressure relief valve programme works.</li> </ul>
Preventing electrical services failure	<ul style="list-style-type: none"> <li>• Another framework will be required for the 2013 testing programme. Work on this tender will begin at the end of 2012.</li> <li>• Improvement to in-house management systems to ensure satisfactory testing and reporting.</li> </ul>
Detection of Legionella	<ul style="list-style-type: none"> <li>• Legionella risk assessments will be delivered to special schools</li> <li>• Risk assessments at high risk adult services premises have been carried out</li> <li>• Review of risk assessments for Schools with CST.</li> </ul>
Glazing and window safety	<ul style="list-style-type: none"> <li>• Completed and deployed Corporate strategy for the management of Safety Film (giving advice to occupiers on how to manage, when to replace etc)</li> <li>• Agreed the above with the Central Health and Safety team and updating the online Managers Guild to Window Safety to include the window film advice</li> <li>• Completed deployment of 'year 1' hinge repairs to SCOLA 2 windows.</li> </ul>
Failure to manage contractors and supply chain	<ul style="list-style-type: none"> <li>• Continue to align the County Council's with others in the construction industry by investigating the value of Safety Schemes in Procurement (SSIP)</li> <li>• Improvement to Technical review system</li> <li>• Introduction of Technical services intranet pages.</li> </ul>
Higher level access for maintenance to plant and buildings	<ul style="list-style-type: none"> <li>• Prioritised, allocated and procured improvement projects in accordance with allocated budget to reduce residual risks</li> <li>• Modified Engineering procedures/plant change forms to enable the capture and reporting by the relevant Project officer of the addition or removal of any access equipment</li> </ul>
Structural collapse and temporary	<ul style="list-style-type: none"> <li>• Several (non-structural) units have now gone more than 7 years without an inspection. Work in progress for structural engineers will undertake those surveys.</li> </ul>

**Summary of Property Services Strategic Risk Programmes 2011/12 and 2012/13**

<b>Risk Title</b>	<b>Achievements or key actions completed for 2011/12</b>
buildings	<ul style="list-style-type: none"><li>• Work in progress to implement the joint Asset Management Plan and structural inspection programmes which will ensure they are fully coordinated again.</li><li>• The SCOLA wall tie replacement programme is now underway.</li></ul>

### Summary of Property Services Strategic Risk Programmes 2011/12 and 2012/13

**Table 2: Summary of Planned Actions for Implementation in 2012/13**

Risk Title	Key actions proposed for 2012/13
Condition of building fabric including vandalism - non educational	<ul style="list-style-type: none"> <li>• Decorating programme</li> <li>• A pilot recladding project for timber framed buildings</li> <li>• Replacement roof finishes</li> <li>• Window replacements</li> <li>• External surfaces and drainage improvements</li> </ul>
Fire safety management including arson prevention	<ul style="list-style-type: none"> <li>• Delivery of programme for 2012/2013 ongoing</li> <li>• Delivery of agreed programme for Joint Fire Precautions surveys in conjunction with HFRS – Phase 9</li> <li>• Review of Corporate Policy and Standards and management responsibilities</li> <li>• Review the role of Facilities Management for Fire Safety Management in Offices</li> </ul>
Condition of building fabric including vandalism - education.	<ul style="list-style-type: none"> <li>• Major SCOLA recladding programme ongoing</li> <li>• A pilot recladding project for timber framed buildings</li> <li>• Replacement roof finishes</li> <li>• Crosswall recladding schemes</li> <li>• Window replacements</li> <li>• External surfaces and drainage improvements</li> </ul>
Asbestos management	<ul style="list-style-type: none"> <li>• Continue to develop shared services with Hampshire Constabulary and other public sector organisations</li> <li>• Work with Property Services colleagues to develop and integrate asbestos management data systems with the new Asset Management System</li> <li>• Complete asbestos management surveys for the non-education estate</li> <li>• Deliver targeted asbestos awareness training to key building users</li> </ul>

### Summary of Property Services Strategic Risk Programmes 2011/12 and 2012/13

Risk Title	Key actions proposed for 2012/13
Preventing mechanical engineering service failures	<ul style="list-style-type: none"> <li>• Continue with oil tank and LPG installation upgrade programme</li> <li>• Continue with pressure safety/pressure relief valve programme works.</li> </ul>
Preventing electrical services failure	<ul style="list-style-type: none"> <li>• Develop another contractor framework for 2013 testing programme</li> </ul>
Detection of Legionella	<ul style="list-style-type: none"> <li>• Review Schools Risk Assessment Process and ensure that there is an appropriate system in place for ongoing monitoring</li> </ul>
Glazing and window safety	<ul style="list-style-type: none"> <li>• Continue to ensure that the Corporate strategy for the management of Safety Film (giving advice to occupiers on how to manage, when to replace etc).</li> <li>• Continue to work with Risk and Safety team to support the implementation of the Managers guide to Window Safety.</li> </ul>
Failure to manage contractors and supply chain	<ul style="list-style-type: none"> <li>• Align the County Council with others in the construction industry by investigating the value of Safety Schemes in Procurement (SSIP).</li> <li>• Improvement to Technical review system</li> <li>• Introduction of Technical services intranet pages.</li> </ul>
Higher level access for maintenance to plant and buildings	<ul style="list-style-type: none"> <li>• Continue to prioritise allocate and procure improvement projects in accordance with allocated budget resource to reduce residual risks</li> <li>• Continue to modify Engineering procedures /plant change forms to enable the capture and reporting by the relevant Project Officer of the addition or removal of any access equipment.</li> </ul>
Preventing structural collapse including temporary buildings	<ul style="list-style-type: none"> <li>• Continue to work to put the joint Asset Management Plan and structural inspection programmes in place</li> </ul>