

**HAMPSHIRE COUNTY COUNCIL****Report**

<b>Committee/Panel:</b>	Buildings, Land and Procurement Panel
<b>Date:</b>	17 December 2013
<b>Title:</b>	Strategic Asset Management – Risk Management 2013/14
<b>Reference:</b>	5379
<b>Report From:</b>	Director of Culture, Communities and Business Services

**Contact name:** Chris Czarkowski

**Tel:** 07793 757953

**Email:** chris.czarkowski@hants.gov.uk

## 1. Summary

1.1. This annual report sets out the current Risk Management Strategy for the Built Estate to ensure that the 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 2013/2014
- 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 an update on revisions to key strategic asset risks.

## 2. Resource Allocation

2.1. The overall liability of repairs and maintenance in both the Education estate and the non schools estate remain higher than the available resources to address all the known risks. For this reason a risk management strategy has been deployed for many years within the County Council and ensures the available resources are targeted at the highest known risks in a prioritised and structured manner.

2.2. The Education estate is currently undergoing a significant change with 41 schools in Hampshire now converted to Academy status. A quarter of Secondary aged pupils on Hampshire are now taught in Academies. The non education portfolio is also changing in response to corporate programmes such as Workstyle. The impacts on the risk management strategy of these changes are being addressed as they emerge.

- 2.3. The Landlord and Capital Repairs budget allocation for 2013/14 has been directed to address the highest known condition priorities for health and safety risks defined and set out in the Strategic Risk Register. Dedicated Schools Grant funding may only be spent on work to school buildings and the level of this funding means that traditionally there has been more resource available to address risks in the schools estate than the non schools estate. By prioritising the budget in line with the strategic Risk Register it ensures improvements to the County Council properties and provides us with better, safer, and more sustainable buildings that will benefit all building users. The budget allocations for 2013/14 were set at the last Buildings Land and Procurement Panel in March 2013 and approved by the Executive Member for Policy and Resources Decision Day on 18 April 2013.
- 2.4. A Capital Maintenance Grant (CMG) of £18.6m for 2013/14 was received by the County Council from Department for Education to be used to address the highest priorities in the schools estate. The CMG remains an annual allocation at the moment which does make longer term planning challenging.
- 2.5. 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 to deliver steady improvement programmes for the highest risks whilst continuing to manage and maintain performance in other lower risk areas. Table 1 set out the revised allocations for 2013/14 and includes carried forward amounts from 2012/13. This is exacerbated by ongoing reduction to the Revenue Maintenance budget in line with central government revenue grant reductions.
- 2.6. Management of Legionella remains one of the strategic risk categories. Emerging priorities in this area mean that additional funding will be required for the management of legionella for 2013/2014 in order to develop and progress our current standards particularly across the schools estate.
- The detailed programmes for expenditure are set out in the March 2013 BLAPP report.

**Table 1**

Category	Expenditure 2012/13	Budget 2013/14
	Gross £'000s	
Condition of Building Fabric	10178	11404
Preventing Mechanical Services Failure	2669	3844
Fire Safety Management including arson prevention	523	544
Preventing Electrical Services Failure	3205	1241
Management of Asbestos	688	582
Preventing Structural Failure	273	321
High Level Access to Plan	72	58
Other CRA Priorities	895	766
CRA Contingency		151
Management of Legionella	109	144

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

- 3.1. The current Strategic Risk Assessment and Performance Framework for the high and medium risk for the Built Estate for 2013/2014 is attached in Appendix 1. Each risk has an abridged commentary; further information is available from the main Risk Register. The corporate programme requires an annual assessment of each risk. Risks are reviewed on a quarterly basis 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 2013/14.
- 3.2. In 2013/14 Property Services have a total of 14 risks that are directly connected to the Built Estate. These continue to be ranked with a detailed assessment and management programme. The performance level for all risks continues to be well managed. The Performance level reflects how well the risk is being managed within the existing resource parameters. This is separate to the impact and/or likelihood rating of the risk where the majority of risks have remained unchanged.
- 3.3. In 2013/14 Property Services have three risks which have been ranked with an overall high assessment. These are Condition of Building Fabric including vandalism for Non Education, Management and the Control of Legionella Bacteria in Water Systems and Fire Safety including arson.
- 3.4. Appendix 1: Table 2 provides a summary of last years risks confirming achievements for 2012/13.
- 3.5. The remaining 11 risks include 7 risks with a medium overall rating and 4 risks with a low overall rating. The key actions for all high and medium risks are summarised in Appendix 1: Table 3 propose key areas of risk improvement for 2013/14.
- 3.6. As part of the risk management process existing practices and arrangements are regularly reviewed to ensure they are still relevant and proportionate, for example the period between inspections or surveys. Where it is appropriate the period between inspections/surveys may extended where experience shows the current arrangements to be adding little value to or improving the quality of data or the management of the risk.

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

- 4.1. Condition of Building Fabric for Non Education estate remains 1 of 3 of the highest risks. Although still high, the performance continues to be well managed and the current controls remain effective.
- 4.2. Total funding for the Non Education estate for 2013/14 is set out below including carry forwards from 2012/13. The total budget also includes the additional one off P&R capital resources which was awarded to enhance the 2012/13 and 2013/14 programmes. This table does not include the budget for office accommodation.

Non Education Budgets 2013/14	£'000
Revenue Budget	£3,637
Traditional Landlords Capital Budget	£2,713
Policy and Resources one-off Capital 2012/13 and 2013/14	£4,641

4.3. No further enhancement of the Non Education Capital Programme has been agreed for 2013/14. The current estimate of the remaining liability in the non education estate based on condition surveys is £50m. This is in response to increasing complexities in the built estate and the County Council's requirements to be robust in its management of property risks.

## 5. Management of Legionella

- 5.1. The risk of Legionella is currently the highest risk for Property Services. It is envisaged that this is a temporary position whilst the revised corporate policy and managers guidelines are implemented. The new standards streamline and align the management process between the corporate estate and the schools portfolio.
- 5.2. A revised strategy has been introduced that includes a new risk assessment and a programme of work to ensure that all buildings have a technical risk assessment/survey, schematic drawings and log book. The risk assessment categorises buildings into high, medium and low risk dependant on the type of occupancy and water system in place. The risk assessment will determine the priority of works which will be completed over the next 12 months.
- 5.3. The initial investment required to commence the associated technical work falls within the limits of the Chief Executives delegated authority for expenditure. The actual costs of this are still to be confirmed, but it is anticipated they will be met from existing resources in 13/14 from a reallocation of budgets and in 14/15 by allocation of additional funding from the Policy and Resources Landlords budgets
- 5.4. It is currently being explored whether the work for schools can be spread over two years (14/15 and 15/16) and that the costs can be met through the existing Service Level Agreement pooled funding arrangements.
- 5.5. Estimated costs of the Corporate Estate Technical Risk Assessments (external costs for contractors) and associated remedial works programme will require one off additional funding for this work to be undertaken. This report recommends that an allowance of £300,000 is made available to the Policy and Resources Landlords Capital budgets for 2014/15 from general contingencies/reserves to deliver the improvement. This has been agreed with the Head of Finance and the Corporate Management Team.

## **6. Fire Safety Management**

- 6.1. The survey and physical work is on-going across the entire built estate to ensure that the County Council reaches and maintains its benchmark standards. The performance for this risk continues to require improvement due to the reliance of the management controls required at a local level. There continues to be a significant amount of investment in Fire Safety including management controls.
- 6.2. The amount of investment for 2013/14 has been confirmed as £544,000 which includes a contribution from the Children's Services Capital Programme of £150,000.
- 6.3. There continues to be a number of legacy buildings that do not yet meet the benchmark standards set out in the Fire Safety Manual. Considerable progress has been made with Adult Services who have introduced the County Councils Fire Safety Manual into their built estate. This will significantly improve the quality of the local management regime. There continues to be an on-going programme of audits and training in partnership with Hampshire Fire and Rescue Service (HFRS).
- 6.4. An improved and accredited IOSH Fire Safety course has now been implemented and the County Council is awaiting final accreditation for the National Occupational Standards (NOS) in Fire Safety by Skills for Justice. This course is used to train all fire coordinators across the County Council to ensure they are competent to deliver their duties set out in the Fire Safety Manual including the preparation of fire risk assessments. It provides staff with an increased technical knowledge that will help to improve the overall performance of fire safety management at a local level.

## **7. Condition of Building Fabric**

- 7.1. The education portfolio is the fourth highest risk in the Property Built Estate. This includes the element of vandalism. The considerable amount of data and intelligence available on this risk has allowed well targeted and robust management controls which have allowed the performance to remain at green albeit there remains a high level of outstanding liability.
- 7.2. 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 still estimated at over £370 million).
- 7.3. The single most significant factor affecting liability in the Education portfolio is the impact of the SCOLA buildings. 40% of the schools floor area remains in SCOLA buildings and are a significant factor in the maintenance legacy. This is being addressed systematically and on a risk assessed basis, but at current levels of investment this will potentially take up to 20 years to address completely.

## **8. Asbestos Management**

- 8.1. Asbestos Management is ranked fifth highest on the register with a continued very good performance rating for 2013. Robust systems continue to be in place which includes survey programmes to minimise uncontrolled asbestos disturbance. In order to continue to comply with the Control of Asbestos Regulations (CAR) 2012 and to improve the accuracy of asbestos registers in house asbestos management surveys of the final lower risk properties in the corporate estate are currently being undertaken.
- 8.2. The County Council was praised by UKAS for their robust systems following their annual accreditation.
- 8.3. Asbestos survey has been completed throughout the Schools Estate and in all of the corporate estate lift shafts.
- 8.4. Currently a framework contract is being arranged to reduce the costs of on-going asbestos repairs. All repair instructions are performed to the required standard and schedule.
- 8.5. The management of the strategic asbestos risk includes the re-inspection and re-survey programmes, as well as internal initiatives designed to minimise the risk of asbestos disturbance. The programmes for 2012/13 were delivered within the allocated budget. The amount of investment for the year 2013/14 has been confirmed as £688,000.

## **9. Conclusions**

- 9.1. Progress continues to be realised through a focussed management action plan and capital investment according to the rank order of the published Property Services Risks
- 9.2. The integrated risk management strategy and the annual review demonstrate that risk management continues to be effective in all key areas of Property Services business.

## **10. Recommendation**

**That the Buildings, Land and Procurement Panel make the following recommendations to the Executive Member for Policy and Resources:**

- 10.1. That the implementation plan for Property Services – Strategic Risk Register for 2013/14 as set out in Appendix 1 and the Summary of Planned Actions for Implementation in 2013/14 as set out in Appendix 1 be approved.
- 10.2. That additional funding of £300,000 is made available to the Policy and Resources Capital budget for 2014/15 from general contingencies/reserves to deliver the Corporate Estate Technical Risk Assessments and associated remedial works programme with regards to the management of Legionella.

**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.

**Table 1: Risk Matrix Assessment**

<b>No</b>	<b>Risk</b>	<b>Level of Risk</b>	<b>Description of Risk</b>	<b>Performance Level</b>
1	Condition of Building Fabric including vandalism – non education	High	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 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.	Although this risk is high it is well managed
2	Management of Legionella	High	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.	A new corporate strategy has been introduced to improve the current level of overall performance across the County Council which currently needs improvement. The level of performance for the area of responsibility that Property Services including the management of the contractors is improving
3	Fire including Arson Prevention	High	Fire safety remains a high risk particularly in residential buildings such as older person's 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 Hampshire Fire and Rescue Service (HFRS). The Fire Safety Manual has	Overall this risk is well managed in particular the physical property aspects. However there is a reliance on local management controls in the implementation of the county Councils strategy and fire safety management plan. This continues to need improvement

**Table 1: Risk Matrix Assessment**

No	Risk	Level of Risk	Description of Risk	Performance Level
			been reviewed and reissued to comply with the Regulatory Reform (Fire Safety) Order 2005. A strategy for arson reduction continues to be in place and is reducing the risks in schools.	
4	Condition of Building Fabric Including Vandalism - Education	Medium	The risk associated with condition of education buildings describes the state of repair of all components 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 strategy.	This risk is well managed within the financial constraints
5	Asbestos Management	Medium	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	This risk is well managed and the current controls that have been put in place for mitigation are robust and appropriate.

**Table 1: Risk Matrix Assessment**

No	Risk	Level of Risk	Description of Risk	Performance Level
			asbestos material requiring comprehensive survey and planning before undertaking invasive work such as refurbishment.	
5	Automatic Doors. powered rollers and shutters and barrier failure	Medium	This risk has increased following the recent national fatality involving powered gates. Schools independent ability to insert gates into the built estate without HCC being aware.	This risk continues to be well managed
6	Mechanical Engineering	Medium	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 has the potential for fire or explosion associated with failures. This risk also includes bottled gases, school teaching equipment, and welding.	This risk continues to be well managed
7	Preventing electrical services failure	Medium	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	This risk continues to be well managed

**Table 1: Risk Matrix Assessment**

<b>No</b>	<b>Risk</b>	<b>Level of Risk</b>	<b>Description of Risk</b>	<b>Performance Level</b>
8	Lift Failure	Medium	This risk covers passenger and goods lifts and plant which are generally located in dedicated lift rooms for HCC Estate.	This risk continues to be well managed
9	Preventing Structural Collapse	Medium	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.	This risk continues to be well managed

**Table 2: Summary of risks confirming achievements during 2012/13**

<b>Risk Title</b>	<b>Achievements or key actions completed for 2012/13</b>
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>• Reduction of risks made possible via the enhanced Leaders non Education capital programme 2012/13.</li> <li>• Reduction of risks resulting from the Workstyle programme.</li> </ul>
Fire safety management including arson prevention	<ul style="list-style-type: none"> <li>• Delivered programme for 2012/13 and on going delivery of the 2013/14 programme.</li> <li>• Delivered agreed programme for Joint Fire Precautions surveys in conjunction with the HFRS – no formal enforcement by HFRS.</li> <li>• Fire Safety Corporate Training developed as part of corporate review of Fire Safety Management.</li> <li>• IOSH accreditation and final stages of NOS accreditation</li> </ul>
Condition of building fabric including vandalism - education	<ul style="list-style-type: none"> <li>• Delivered the 2012/13 landlords capital and capital maintenance programme.</li> <li>• Continued to develop links with the police, particularly around metal theft including a joint strategy for metal theft reduction.</li> <li>• Reduction in the County Council liabilities as a result of the Academies conversion programme.</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.</li> <li>• Regular Asbestos awareness training delivered at key locations across the County Council</li> <li>• Asbestos Management survey complete throughout Schools Estate and in all Corporate Estate lift shafts</li> <li>• Workshops for Property Services staff and contractors on Control of Asbestos Regulations 2012</li> </ul>
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>• Framework developed for 2013/14 programme</li> <li>• Continued Improvement to in-house management systems to ensure satisfactory testing and reporting.</li> </ul>
Detection of Legionella	<ul style="list-style-type: none"> <li>• New Legionella Strategy agreed</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>• Published online Managers Guide to Window Safety including the window film advice</li> </ul>

**Table 2: Summary of risks confirming achievements during 2012/13**

Risk Title	Achievements or key actions completed for 2012/13
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>• Continue to improvement to Technical review system</li> <li>• Improved communications with contractors and sub-contractors</li> <li>• Delivered workshop for term contractors resilience</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 buildings	<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 to undertake those surveys.</li> <li>• On-going work to implement the joint Asset Management Plan and structural inspection programmes which will ensure they are fully coordinated again.</li> </ul>

**Table 3: Summary of Planned Actions for top five strategic risks for Implementation in 2013/14**

No	Risk Title	Key actions proposed for 2013/14
1	Condition of building fabric including vandalism - non educational	<ul style="list-style-type: none"> <li>• Continuation of the delivery of the Landlord revenue and Capital programmes 2013/14.</li> <li>• To reduce the non education estate which will reduce the buildings and liability through Workstyle, AS and L&amp;D.</li> <li>• Reduction of risks made possible via the enhanced Leaders non Education capital programme 2012/13</li> </ul>
2	Management of Legionella	<ul style="list-style-type: none"> <li>• Implementation of Risk Assessment</li> <li>• Undertake technical risk assessment and surveys</li> <li>• Provide log books</li> <li>• Remedial actions and planned programme of works</li> </ul>
3	Fire safety management including arson prevention	<ul style="list-style-type: none"> <li>• Delivery of the 2013/14 programme on going.</li> <li>• Delivery of agreed programme for Joint Fire Precautions surveys in conjunction with HFRS</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> <li>• Target improvements to single stair conditions in Primary schools.</li> </ul>
4	Condition of building fabric including vandalism - education.	<ul style="list-style-type: none"> <li>• On-going delivery of the revenue, CERA and CMG programmes 2013/14 against the highest know risks.</li> <li>• Rebuilding of Park Community School</li> <li>• Reduction in County Council risks due to Academy conversions.</li> <li>• Maintenance of a 7 year cycle of external decoration and repair contracts.</li> </ul>
5	Asbestos management	<ul style="list-style-type: none"> <li>• Review &amp; monitor compliance plan &amp; the associated arrangements. Update Registers for all properties (where HCC is duty holder and improve The Use of Registers on HCC Sites</li> <li>• Provide updated site registers to non-domestic properties based on asbestos management surveys to the local manager.</li> <li>• Adoption of PAMS system and roll out of updated asbestos management processes.</li> <li>• Recruitment of additional staff to enable necessary works to be conducted in house.</li> </ul>