

HAMPSHIRE COUNTY COUNCIL**Report**

Committee/Panel:	Buildings, Land and Procurement Panel
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Title:	Major Projects Report
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Report From:	Director of Culture, Communities and Business Services

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1. Executive Summary

1.1. The purpose of this report is to provide an update on the major projects currently being progressed relating to:

- Schools Basic Need programme
- Park Community School
- Adult Services Transformation - Learning Disabilities Services
- Country Parks Transformation
- Energy Projects
- Property Services Cluster – Joint Working Arrangements
- Reading Hampshire Property Partnership
- Isle of Wight Council and Schools
- Southern Construction Framework for Building Projects
- Mid-Value Construction Framework

2. Schools Basic Need Programme

2.1. The School Places framework for 2012-16 was approved by the Executive Lead Member for Children's Services on 6 December 2012 and confirmed a significant rise in births over the past 10 years. This, together with housing development and in-migration in several parts of the county, increased the pressure on primary school places. A significant part of the current and planned future programme, which was approved more recently on 22 January 2014 in the Children's Services Capital programme 2014/15 to 2016/17, identifies and makes provision for additional permanent and temporary accommodation.

- 2.2. Property Services are continuing to work closely with Children's Services colleagues in identifying and developing new school and existing school expansion projects to provide additional places. Costed feasibility studies are being undertaken as well as more detailed design work where projects have been confirmed as required. These proposals are being progressed as a coordinated programme of works to maintain design quality on these projects whilst creating efficiencies and reductions in cost through aggregation, common design principles and building components.
- 2.3. New school provision for Tweseldown Infant School in Fleet, a new primary school at West of Waterlooville in Havant and additional primary school places at Westgate and other schools in Winchester are at construction stage. There are a number of re-locatable classrooms to be put in place at schools where additional school places are needed for September 2014.
- 2.4. Detailed design proposals are being developed for new school places at other schools across the county, including those related to areas of new residential development: new primary schools at Barton Farm (Winchester), Park Prewett (Basingstoke), Aldershot Urban Extension and additional secondary provision at Calthorpe Park Secondary School in Fleet.
- 2.5. In addition, there are several projects for additional primary school places at existing schools which are in various design stages, these include the following projects scheduled for 2015 completion: Burnham Copse Primary; Pilgrims' Cross Primary; All Saints Primary (Winchester); Colden Common Primary; Riders Infants & Junior; Wellington Primary; Locks Heath Infants & Junior; Wellstead Primary; Norwood; Four Marks Primary; Sun Hill (Alresford) and Herne Junior Schools - approximately £16m investment in total.
- 2.6. Designs for additional school places are due for 2016 completion are currently progressing: Great Binfields Primary; Marnel Infants & Junior; Whitchurch Primary; Hook Infants & Junior; Oakwood Infants & Greenfields Junior; Poulner Infants; Tower Hill Primary; Brookfield Secondary; Nursling Primary - totalling approximately £23m investment.
- 2.7. Early stage design proposals are being taken forward in many areas across Hampshire, including Basingstoke, Winchester, Fareham, Hart, Test Valley and Eastleigh. There are also discussions and negotiations with developers and local planning authorities for additional primary and secondary school provision in East Anton (second phase), Andover, Bordon/Whitehill, North Whiteley, Eastleigh, Basingstoke and North Fareham, again related to proposed residential development areas.
- 2.8. In total, design work has commenced on approximately £147m capital investment for new primary school places with planned start dates in 2014-17 across Hampshire. These places will be provided in good quality school building but delivered at lower costs. This is particularly relevant in the context of the reductions in public sector funding and the inflationary pressures of the economy as the construction industry emerges from recession.

- 2.9. The County Council has a local and national reputation for the quality of its school buildings and will maintain design standards; ensuring accommodation is flexible; learning environments are appropriate; and there is continued robustness, low maintenance and longevity in specification of materials with a focus on value for money and good judgement.
- 2.10. The design strategies to maintain these standards build on many years of experience and include economic and efficient plans (including two storey options), reductions in floor areas, common components and design specifications, economies of scale through aggregation into programmes of work (including neighbouring authorities) and supply chain management through early involvement of contractors and sub-contractors through the design stages.
- 2.11. In addition, lower costs will be delivered through designing 'core' external works and landscape elements (which can be added to as and when more funding is identified); securing funding through robust negotiations with developers in new housing development to maximise financial contributions, and regional and national benchmarking of costs with other local authorities to ensure we are achieving best value - sharing expertise and learning.
- 2.12. The construction industry's limited capacity to meet increasing demand will lead to inflationary pressures and the Director of CCBS is continuing to develop procurement strategies that reduce the risk of contractors pricing for uncertainties in this market. Through the continued use and development of local and regional frameworks alongside more traditional tendering the County Council will be able to secure resources through major, medium and smaller sized construction companies.
- 2.13. The Director of CCBS is leading on the procurement of a new intermediate contractor framework (for projects between £1m and £3m) and on the joint procurement of a convergence of construction frameworks, split into regional lots, for major projects across the south of England.
- 2.14. The County Council's leadership and involvement in the Property Services Cluster (with neighbouring authorities), the sharing of data and the development of a wider suite of framework arrangements with South East 7 partners and the knowledge and expertise of the County Council's in-house Property team stands us in good stead to respond to the current market challenges.

3. Park Community School

- 3.1. Work is progressing on the new build phases which are due to complete in June and July respectively.
- 3.2. The contractor is reporting that block P is currently 2 weeks behind the critical path on the contract programme however they are confident that this will be caught up through good progress with the dry lining and 1st fix M&E. Block N has slipped to 4 weeks behind. Whilst BAM are confident that this will be reduced they have issued an early warning that the block N

handover date is at risk. Early mitigation plans have been discussed involving a partial possession of block N which will allow the staff and kitchen areas to be prioritised to ensure that there is limited affect on the schools decant. Delays are principally down to the severe weather currently being experienced.

- 3.3. The works are now 38% through the contract period with only 25% of the contingency used. The project remains financially on target.

4. Adult Services Transformation - Learning Disabilities Services

- 4.1. Property Services officers are providing asset related support to Adult Services for the transformation of their Learning Disability Services. An updated position regarding the asset implications and revised business case for the transformation of the Adult Services Learning Disability Services was approved at the Executive Member for Policy and Resources Decision Day on 25 June 2013.
- 4.2. Over the next 4 years, this programme of transformation will see the provision of up to 8 Community Links (local gateways to services), 2 Keystone Services (area hubs), 2 Residential Respite Units and a residential unit to support clients who need short-term accommodation. In support of this, a number of existing Learning Disability (LD) related property assets will be disposed to provide capital finance to help fund the provision of the new transformed services.
- 4.3. A potential partnership opportunity continues to develop positively in the Eastleigh area with work progressing on operational and legal agreements. The partner has gained planning permission that considers the needs of the proposed LD Service. Transitional arrangements continue to work well in the area following the vacation of the Bishopstoke Day Services building.
- 4.4. A further partnership opportunity is still being explored in the Aldershot/Farnborough Area to provide a Community Link. Feasibility work at an early stage is progressing in relation to the use of space at Farnborough Library for this service.
- 4.5. Feasibility has just been completed in relation to the provision of a Community Link within the Winchester Discovery Centre, project planning has just commenced to agree when works can take place on site, with existing programmes of activity in the discovery Centre care is needed to minimise impact and disruption.
- 4.6. In New Milton use of the Forest Arts Centre is being explored as a Community Link base with very positive initial work. A draft brief for the project has been produced and feasibility work has just begun to identify the full range of work and cost required to facilitate this.
- 4.7. Work continues in relation to the Northern Respite scheme with a contractor appointed to the pre-construction phase ahead of a proposed start on site date of 10 March 2014. A phase of enabling works (demolition) has commenced and is due for completion in early February.

- 4.8. Opportunities in the Totton area continue to be explored for provision of the Keystone Service, with early feasibility work evolving with potential partners. In addition, work to provide a crisis service from an existing residential site in West Street, Havant is complete and the service has commenced.

5. Country Parks Transformation

- 5.1. Property Services are providing asset related support to the Countryside Service in the delivery of this transformation programme across the five country parks to achieve an improved offer to customers and additional income.
- 5.2. Over the next 5 years the Programme will see a new modern visitor centre at Lepe Country Park, new catering facilities at each of the Parks along with improved learning and play spaces, greater activities and improved access and car parking. The programme team and workstream leads are currently being assembled in readiness for a start in March 2014.
- 5.3. As part of the programme Royal Victoria Country Park has been granted £100,000 from the Heritage Lottery Fund to take forward the development of the Chapel in the Park which will lead to a capital grant of £1.5 million. The Chapel is all that remains of the impressive Netley Military Hospital. Property Services are working closely with Countryside Service to produce plans that will enable visitors to access the Tower (second only in height, in the Solent area, to the Spinnaker Tower in Portsmouth) and a complete refurbishment of the listed Chapel that will allow the history to be imaginatively interpreted.

6. Energy Projects

- 6.1. The energy and carbon reduction programme continues to develop and good progress has been made to date on achieving the 20% reduction target by 2015. A detailed analysis of the progress in the Carbon Management Plan was provided to this Panel in October 2013. Since then a number of work streams have developed.

Energy Performance Programme (EPP)

- 6.2. In December 2013 approval was given for the Director of CCBS to progress the first phase of the EPP for the 25 highest energy users in the corporate estate. Funding of £1.42 million was approved to develop the detailed design and procure the works.
- 6.3. The Director of CCBS has developed a detailed Design and Procurement Plan and the verification survey work has been completed. The procurement of the works is underway and works are programmed to start on site in financial year 2014-15.
- 6.4. When completed at the end of financial year 2014-15 this project will reduce the energy bill on the corporate estate by approximately £200,000 per annum and will avoid carbon tax cost in the order of £13,000 pa.

Solar PV

- 6.5. Work has commenced on the detailed design for the first phase of this programme which will see 3 arrays installed on HCC corporate office buildings in Basingstoke, Winchester and Eastleigh. A second phase of approximately 25 buildings will follow subject to there being no substantial change in the projected Feed-in Tariffs (FITs). Although FITs have reduced since they were first introduced, the PV market has seen a steady reduction in the capital cost of the installations resulting in a viable business case for the 25 buildings identified in Phase 2 of the programme.

Behaviour Change Programme

- 6.6. A behaviour change programme has recently been launched to raise the awareness amongst staff and building users for the need to reduce our energy consumption and lower our carbon emissions. This is a key part of the carbon management plan to 2015 as projects and programmes of work must be supported by behaviour change. The Carbon Trust report that typical behavioural change programmes can save between 5% and 12% overall energy reduction and the Carbon Management Plan is targeting 5% in the final year of the plan. From a pilot carried out in a Winchester office evidence demonstrated that up to 25% can be saved on electrical consumption controlled by occupants.

Carbon Tax

- 6.7. The Phase 2 of the Carbon Reduction Commitment (CRC) scheme will commence in April 2014. Phase 2 differs from Phase 1 in a number of key aspects.
- Schools are no longer included in the County Council's footprint.
 - Street lighting becomes part of the included emissions.
 - The cost of each carbon credit rises from £12 to £16 per tonne.
- 6.8. In Phase 1 of the scheme the County Council purchased credits on behalf of schools and re-charged each school separately their proportion of the carbon tax bill. The carbon tax liability for the County Council was therefore around £250,000 per annum.
- 6.9. The inclusion of street lighting in Phase 2 and the greater cost of credits increases this liability to around £700,000 per annum.
- 6.10. It is worth noting that had our carbon emissions continued to grow at the same rate as they had in the 10 years before the launch of the Carbon Management Plan in 2000, the carbon tax liability would now have been an extra £900,000. Through the successful implementation of the plan, tax liability has been avoided.

7. Property Services Cluster – Joint Working Arrangement

- 7.1. The property services cluster is formed of Hampshire County Council, Reading Borough Council, Surrey County Council and West Sussex

County Council. These authorities came together over two years ago to deliver programmes of school building work with the aim to:-

- Work collectively to deliver programmes of construction projects across the authorities
- Save money through economies of scale and buying power with contractors
- Increase certainty of delivery of school places in a time of major pupil increases
- Share skills, resources and experience to the benefit of all.

7.2. A joint programme office was established and resourced by staff from all authorities. The initiative is now well underway and is successfully designing, managing and delivering 45 projects to date in 3 phases. £200 million of projects is already committed and a further £400 million “pipeline” of work identified. Savings, as a result of this approach, are expected to reach £20 million over the next calendar year.

7.3. East Sussex have recently expressed an interest in joining the cluster to access the capacity and delivery arrangements. Discussions are ongoing with officers. It is recommended that, subject to agreement by the two legal services, East Sussex join the Joint Working Agreement between Surrey and Hampshire.

8. Reading Hampshire Property Partnership

8.1. Following the previous approval by the Executive Member for Policy and Resources to establish a new governance arrangement for Property Services to assist with Reading Borough Council's (RBC) capital programme delivery, Reading's Members have recently agreed proposals to set up a Property Partnership. The Partnership will see Reading and Hampshire entering into a joint, publically-owned company called the 'Reading Hampshire Property Partnership'. The new arrangement will maintain the collaborative ethos and culture of the shared service to date with the added ability to deal with both an increase in work and a change in the profile. The current Shared Service Agreement between the authorities has seen around £100 million of capital work delivered through it, achieving benefits of around £7.8 million for RBC.

8.2. Civic Office Relocation Programme

In 2012, Reading Borough Council approved the purchase of a freehold building for the relocation of their HQ in Reading and the necessary funding for a programme to refurbish this building and relocate (circa 900 staff) into the new facility. The County Council Property Team provides strategic advice to the programme and has been an integral part of the Reading team in shaping the programme, navigating the complex procurement process for the new building and setting up the delivery mechanisms. In addition to this strategic role, the County Council also sits on the programme team and leads the construction workstream, providing the

initial design concepts, planning submissions and managing the appointment of the contractor. Construction work is due to commence in Spring 2014 with relocation by the end of the year.

8.3. Other Programmes

The County Council also supports Reading with a number of other programmes of work, including their schools, non-operational facilities, Extra Care projects and asset management. Of note is the recent Basic Need programme to meet the increase in forecast demand for Primary School Places, which will be a circa £60 million programme. This will significantly increase the capital project workload across the two authorities and the new Partnership arrangement between Reading and Hampshire will be pivotal to the delivery of this work.

9. Isle of Wight Council and Schools

- 9.1. Reference was made to emergence of new business to support the Isle of Wight (IOW) schools and councils in the Shared Services Report to the Buildings, Land and Procurement Panel in October 2013. Significant progress has been made since that time.
- 9.2. Over 20 schools on the island have indicated that they wish to buy a Property Service from Hampshire County Council. Preparations are being made to commence an arrangement in April 2014.
- 9.3. Property Services are providing strategic advice and feasibility support to Hampshire County Council's Children's Services function (through the Hampshire/IOW partnership arrangement).
- 9.4. A commission has been received to support the completion and remedial works relating to a major secondary school project – Cowes Enterprise College.
- 9.5. The Executive Member for Policy and Resources approved the offer of a service to IOW schools at the meeting on 23 October 2013.
- 9.6. As a result of the future developments above, it is recommended that the County Council should enter into a Joint Working Arrangement (JWA) with the Isle of Wight Council for Property Services. This will operate in parallel with the Children's Services arrangement and will enable schools and both Councils to benefit from the expertise and capacity available here. It is proposed to commence this from April 2014. This will replicate the model which exists in Hampshire and into which 97% of schools and academies purchase.

10. Southern Construction Framework for Building Projects

- 10.1. The Executive Member for Policy and Resources, at his recent meeting in January 2014, approved the procurement of a new Southern Construction Framework in partnership with Devon County Council and Haringey Council. This innovative framework will succeed the existing separate South West, South East and London arrangements. Based on historic

values, the converged framework was estimated to deliver between £1 billion and £3 billion of construction contracts in its four year life, with around £200 million of that being Hampshire County Council's Capital Programme. Current discussions with Devon and Haringey, and pipeline information from the South East 7 authorities now suggest that a six year framework is required to appropriately deliver the future programme of secondary schools, and hence the framework estimate will increase to a range of £1 billion to £5 billion. It is recommended that the framework be advertised at this increased duration and value to better suit the expected scale and nature of future projects.

11. Mid-Value Construction Framework

- 11.1. In January 2014 the Executive member for Policy and Resources approved the procurement of a new Mid-Value Construction framework to increase capacity to deliver growth in the County Councils capital programme. Since that time, discussions have been held with Kent County Council through the South East 7 collaborative working initiative. Kent also have a similar requirement and it is now proposed to procure two similar frameworks in parallel for both councils sharing the professional resources to do this. Hampshire Property Services are providing a technical resource to facilitate delivery for Kent and costs will be recovered for the services.
- 11.2. Members are asked to endorse this arrangement which is being facilitated through a Joint Working Agreement.

12. Recommendation

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

- 12.1. That progress on each of the projects is noted.
- 12.2. That, subject to completing legal negotiations, East Sussex County Council accedes to the joint working arrangements with Surrey and Hampshire.
- 12.3. That the Southern Construction Framework for Capital Building Projects is procured on the basis of a revised duration (six years) at increased value (£1 billion to £5 billion). This is to reflect the current knowledge of the future scope and scale of projects to be delivered through this innovative and efficient arrangement.
- 12.4. That Hampshire County Council enter into a Joint Working Arrangement for Property Services with the Isle of Wight Council enabling them to take advantage of the professional capacity and skills available here.
- 12.5. That the provision of technical and procurement resources to Kent County Council for the establishment of a Mid-Value Construction framework be approved.

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

Hampshire safer and more secure for all:	No
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	Yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	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 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 the prevention of crime. The proposals in this report have no impact on the prevention of crime.

3. Climate Change:

- 3.1. Positive impacts on climate change will be considered at the time each of the projects are reported for approval. This report generally gives an update on progress and it is not appropriate to set out the specific impacts on climate change.