

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Buildings, Land and Procurement Panel
Date:	15 July 2014
Title:	Major Projects Report
Reference:	5555
Report From:	Director of Culture, Communities and Business Services

Contact name: Steve Clow

Tel: 01962 847858

Email: steve.clow@hants.gov.uk

1. Executive Summary

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

- Property Services: 2013/14 Financial Year
- Childrens Services Basic Need programme and scale of the future programme
- Energy Programme Update
- Park Community School
- Learning Disabilities Services
- Property Services Cluster – Joint Working Arrangements
- Reading Hampshire Property Partnership
- Isle of Wight Council and Schools
- Schools and Academies Joint Working Agreement
- Police and Fire – Joint Working
- Workstyle Projects

2. Property Services: 2013/14 Financial Year

2.1. In the Spring of 2011, this Panel endorsed a report which set out a plan to grow the County Council's Property business. Over the last three years, income has grown significantly more than the original target of 25% in that period. This has been achieved through a combination of:

- Additional targeted external income from new customers and partners.

- Significant growth in the County Council's own Capital Programme (the scale of which was not known in 2010/11).
 - New business from the County Council's strategic approach to partner with other public sector organisations (e.g. Police, Isle of Wight).
- 2.2. Alongside growth in the programmes, and therefore income, Property has retained business with key customers which was potentially under threat as a result of reduced spend and the change in governance (principally schools and Academies). The majority of new academies continue to buy a service from the County Council and many are commissioning Property to deliver new Capital Maintenance projects funded directly by grant from the Government.
- 2.3. Total income has risen from £18.3 million to £26.0 million over the three financial years to 2013/14. This represents a growth of over 40%. As part of this 'external' income has increased to over £10 million for the first time ever, this represents a growth of 12% from 2012/13.
- 2.4. In line with the County Council's 'Shaping Hampshire' Strategy, and as part of its stated objective to be a 'modern business delivering public services', Property has been selected as one of six pilot services to develop a Business Strategy. This will identify opportunities leading to a potential investment case for further expansion within existing and new markets. This will be done in a robust and measured way over the next two to three years.
- 2.5. The staff resources in the service are also growing and a recruitment strategy has had good success in many areas. The complement has risen to over 320 staff from a low point of around 285 three years ago.
- 2.6. New private sector partner capacity has been established to complement the in-house team and this has been essential to match the growth over the last two years. Potential new markets will inform skills and capacity development over the next three years as opportunities arise to build on the County Council's aim of further shared and traded services with public sector partners.

3. Childrens Services Basic Need programme and scale of the future programme

- 3.1. The School Places framework for 2012-16 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 in January 2014 in the Children's Services Capital programme 2014/15 to 2016/17, identifies and makes provision for additional permanent and short-term accommodation.
- 3.2. 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 continue to be 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.

- 3.3. 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 and will provide additional school places for September 2014. The building works in Winchester at Winnall Primary, St Peters Catholic Voluntary Aided Primary and Kingsworthy Primary Schools are already complete. There are a number of modular classrooms also to be put in place at schools where additional school places are needed for September 2014 for which planning applications have been submitted.
- 3.4. 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, Boorley Green (Eastleigh) and additional secondary provision at Calthorpe Park Secondary School in Fleet. There are proposals to replace modular buildings at the New Forest Education Centre with permanent accommodation and planning approval has recently been granted.
- 3.5. In addition, there are several projects for additional primary 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.
- 3.6. 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.
- 3.7. Early stage feasibility and design proposals for additional school places for 2017 and beyond are being taken forward in many areas across Hampshire, including Basingstoke, Winchester, Fareham, Hart, Test Valley and Eastleigh.
- 3.8. There is on going dialogue with Districts and Borough Councils and robust negotiations with developers about new housing development to maximise financial contributions for educational provision and infrastructure, and to promote Hampshire's sense of place and local identity. There are specific discussions about significant secondary school provision for Eastleigh, Fareham, North Whiteley, Basingstoke and Bordon/Whitehill, again related to proposed residential development areas. This represents a major opportunity to shape the provision of secondary education to support the

new and existing communities. The scale of this work has not been seen for over 30 years in Hampshire.

- 3.9. 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 buildings but delivered at lower cost. 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.
- 3.10. 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.
- 3.11. There is work continuing on regional and national benchmarking of costs with other local authorities to ensure we are achieving and evidencing best value - sharing expertise and learning. This work is being lead by Hampshire and a dialogue is on-going with the DfE to influence funding allocations as standard for future allocations.
- 3.12. 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.
- 3.13. The Director of CCBS is progressing 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. This will secure additional longer term capacity for the delivery of an expanding programme of projects.
- 3.14. The County Council's leadership and involvement in the Property Services Cluster (with neighbouring authorities), it's direct dialogue with the Education Funding Agency (EFA), 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 continues to stand the County Council in good stead to respond to the current market challenges.

4. Energy Programme Update

4.1. Energy Performance Programme (EPP)

Work is continuing to develop the programme of works and consolidate the details of the measures for each building following the completion of the verification works. A more detailed report will be provided for the Panel in

October when the programme has further advanced to procurement and delivery.

4.2. Solar PV

The detailed design for the three pilot schemes is complete and procurement of the works is underway. Design and specification templates have been developed which will be used for the second phase of the programme and the outcome of the procurement will further refine the financial model.

A parallel programme of PV installations has been commissioned by Hampshire Fire and Rescue Service and there will be economies of scale for both organisations using a common methodology and approach.

4.3. Behaviour Change Programme

Property Services have facilitated the first of a number of workshops for our Energy Champions and launched the 'Do Your Energy Bit' initiative to engage staff in a behavioural change project. As it develops, Property Services will publish more information on Hantsnet for staff and provide updates on how the programme is progressing. This is a key part of the drive to reduce our Energy consumption in line with the Carbon Management Plan 2010-2015.

4.4. Carbon Tax

The first phase of the Carbon Reduction Commitment completed at the end of March and the second phase commenced on 1 April. Property Services are still in the process of gathering all of the energy consumption data for 2013/14, but early indications are that; overall, our energy use fell in the year compared to 2012/13. A more detailed analysis of the energy consumption and the final carbon tax cost will be provided in a report to the Panel in October.

5. Park Community School

- 5.1. Work is progressing on the new build phases which are programmed to complete this summer. This will be followed by a further significant phase of refurbishment and remodelling of the remaining existing buildings. Final completion of the construction work is programmed for early summer 2015.
- 5.2. The contractor is reporting that one block remains two weeks behind the contract programme however they remain confident that the building will be available for the furniture deliveries to commence. Contractual arrangements to allow the furniture and equipment installation to progress without impact to the overall programme have been implemented.
- 5.3. The second new build block is behind target due to the impact of the poor winter weather. The contractor is prioritising areas which will allow the staff and kitchen areas to be available to ensure that there is limited affect on the schools decant. The completion of the main halls and changing areas will be during the school vacation which is manageable. The completion of the remaining new build block will be closer to the start of the September term. The contractor is in discussion with the school on this to ensure that it can

still provide the minimum temporary reception requirements during the subsequent existing buildings demolition.

- 5.4. The ICT, furniture and equipment orders have been placed and are within budget.
- 5.5. The latest structural survey of the existing Intergrid building has shown that it is continuing to deteriorate, however only one further prop was required this month and the engineers have advised that the life of the structure can be extended until demolition commences in the Autumn. This is in line with the current decant and demolition programme.
- 5.6. The works are now just over half way through the contract period and remain financially on target.

6. Learning Disabilities Services

- 6.1. An updated position regarding the asset implications and revised business case for the transformation of the Adult Services Learning Disability Services was presented at the Executive Member for Policy and Resources Decision Day on 20 June 2014.
- 6.2. 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.
- 6.3. 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.
- 6.4. Feasibility exercise has been completed and signed off for the Community Link to use space within Farnborough Library for this service; site works to form a Community Link within the Winchester Discovery Centre are planned for early 2015.
- 6.5. The project to provide a significant new respite facility in the north of the County at Basingstoke are now on site and progressing well.
- 6.6. Opportunities in the Totton area continue to be explored for provision of the Keystone Service, with early feasibility work evolving with potential partners.

7. Property Services Cluster – Joint Working Arrangements

- 7.1. The Property Services Cluster (Hampshire County Council, Reading Borough Council, Surrey County Council and West Sussex County Council) have now linked the delivery of nearly 60 projects in 5 phases, with a total value of circa £280m. The scope of Reading's schools expansions programme is described at Section 8 of this report.

- 7.2. The Reading work is included in the scope of Cluster activity as it employs the resources, skills, tools and delivery techniques offered by the Cluster Programme Office. Savings, as a result of this grouped approach, are currently forecast to be £15m at this early stage of the overall programme. The Cluster's first benefits report will be published in the summer of 2014 capturing progress against all programme objectives.
- 7.3. East Sussex County Council remains interested in joining the arrangement and discussions to define the scope of their activity are underway. In the March report to the panel the recommendation that they access the Joint Working Agreement between Surrey and Hampshire was agreed, subject to agreement between the three legal teams involved.
- 7.4. HCC Children's Services are currently working jointly with the Isle of Wight Council to review the schools and manage future capital programme delivery. As this relationship matures there is potential for HCC Property Services to become involved in some project delivery and formative discussions are taking place to consider how this can be effected, joining the Joint Working Agreement being one option.

8. Reading Hampshire Property Partnership

- 8.1. Following the last update, the Partnership with Reading Borough Council (RBC) has been formally incorporated and became operational on 1 April 2014. The new Partnership is an innovative legal arrangement of the two authorities – a wholly public sector owned company. As is the case with other arrangements, there are still the same processes in place for strategic input and decision making from Members, using each Council's governance and appropriate Committees. The Partnership takes the best aspects of the already successful Shared Service Agreement, and adds a new dimension that allows increased flexibility and capacity in delivery, notably through the use of Strategic Partners from the private sector recently procured by Hampshire. The new venture could also accommodate the delivery of a diverse range of services to RBC from other areas of the County Council and allows the scope and quantum of work to be tailored to RBC's needs.

9. Isle of Wight Council and Schools

- 9.1. Since the last report to the Panel on 18 March 2014, Property Services has broadened the scope of work in support of both the Isle of Wight (IOW) Council and schools on the Island. Working closely with Children's Services colleagues at Hampshire, a wide range of skills and resources have been engaged in a number of areas of business. It should be noted that all costs for this work are fully funded by resources of the IOW Council and the schools that have commissioned the work.
- 9.2. The following activities are underway:
 - A Service Level Agreement (SLA) for a full 'revenue' service to schools commenced in April 2014. So far, 4 primary schools have signed up. Significantly more schools did express an interest but, because of

budgetary constraints, it is expected that further commitment will be incremental.

- A number of schools have commissioned Property Services to undertake capital repair works to improve their building condition.
- A programme of works is underway to commit the IOW Council's Capital Maintenance Grant funding on schools which remain the responsibility of the Council. This follows on from an initial exercise to undertake condition surveys to establish liabilities and priorities.
- A strategic feasibility exercise to improve and rationalise secondary school accommodation on the Island has been undertaken. This is to support Children's Services who are undertaking a review of future capacity requirements. A dialogue is on-going with the Department for Education about this and how a funding strategy can be assembled.
- The IOW Council has commissioned Property Services for a further phase of investigative works at Cowes Enterprise College to inform a future Council decision on completion and remedial works. This follows on from the unfortunate default of the Contractor who went into administration at the end of 2013 without completing the project.

9.3. As with other public sector partnerships, Property Services is able to offer its capacity and skills in support of other authorities who do not have sufficient in-house resources or expertise. This continues to fit well with the strategic direction of Hampshire County Council to retain and grow professional services in a rapidly changing public sector environment. This has benefits for Hampshire in retaining and growing our own skills while also making a contribution to overheads.

10. Schools and Academies Joint Working Agreement (JWA)

10.1. Work has been on-going to conclude the proposed long term alternative to the current annually renewable Service Level Agreement contracts with Academies. The legal work is now complete and signed off by the County's Legal Services and the private firm of solicitors (VWV) who have been acting on behalf of a collective of Academies. A meeting was held with ten representatives of Hampshire academies in May to share the advantages of the JWA over the current arrangements and to address final questions from them. There remain some risks with any such arrangement but there now is acceptance that the JWA represents the best possible outcome and takes all reasonable steps to mitigate the risks and capitalises on the collective benefits of working together.

10.2. Agreement was reached to launch the JWA and for those Academies wishing to take this option to confirm their commitment. Some will take up this option whilst others may wish to continue with the annual contracts.

10.3. A major benefit of the new arrangement will be the creation of a Partnership Forum which will be the first collective Academy governance arrangement between Property Services and Academies. Other key benefits will be no need to issue contract documents repeatedly to participating Academies and

the creation of a public sector procurement compliant mechanism for a long term engagement with Academies in Hampshire.

11. Police and Fire – Joint Working

- 11.1. Since the last update to the Panel, good progress has been made in the interim ‘early adopter’ phase of the Partnership arrangement. Property Services was one of the first to ‘go live’ in the first phase.
- 11.2. ‘H3’, the formal Joint Working Partnership, has now been constituted and a wide range of services are migrating into this innovative Partnership that will reduce costs and build resilience. For Property Services, it is proposed to recommend the permanent arrangement to be introduced to the Board commencing on 1 September 2014. A few staff (who are already co-located) from the Partners’ property function will transfer to Hampshire as the host Authority at that time.
- 11.3. The scope of works will include all Business as Usual activities as well as support to the delivery of capital projects. The Police and Crime Commissioner is retaining the responsibility for the Police built estate and, in late 2013, appointed a new Estates Director (a former HCC Property Services Team Member). The Joint Working Team will support the PCC in the delivery of a number of refurbishment and improvement projects that are part of the Estates Change Programme. This supports the Transformation Programme of the Police force and the major remodelling of the Police Estate, all as a result of revenue grant reductions.
- 11.4. Good working relationships have been established and the HCC Team has been re-shaped to bring together Fire and Police work with a dedicated Team led by a newly appointed manager.

12. Workstyle Projects

- 12.1. The Workstyle programme is now nearing its end, and remains on course to meet all of the efficiency targets set in the early stages, including delivering a thirty percent reduction in overall office space, and a £2m annual saving for the County Council. The property disposals programme is also well advanced, on completion of which some £13m worth of capital receipts will have been recycled into the new office portfolio of flexible, efficient and high quality spaces. New major offices are now in use in:
 - Havant
 - Eastleigh
 - Basingstoke
 - Farnborough
 - Totton
 - Winchester
- 12.2. Overall, some 4,200 staff are now accommodated in new flexible working environments. Further projects are underway in Andover where co-location

with Test Valley Borough Council will be delivered by August 2014, in Fareham and Gosport where a significant asset rationalisation is being planned, and in Alton where a range of services are being brought together under one roof at Park House.

- 12.3. Two particular projects are now at the stage of needing specific approval and are outlined below:

Winchester, Castle Hill

- 12.4. Castle Hill is the last remaining Headquarters (HQ) office in need of work to make best use of its potential. It is clearly not a typical Workstyle building, and, being of Grade 2 listed status, has its challenges. It has had very little investment for many years other than externally to maintain the asset. It is in relatively poor condition in many areas. Recent work to create a new ceremonies facility in the Basing room has helped to create a new solution supporting the planned release of the current Register office on the Carfax site to Winchester City Council which is acquiring the site and planning a redevelopment project there.
- 12.5. The building is currently under-utilised but plans are now in place to create a new public access office for Registration, and move the Hampshire Learning Centre staff in from Regency House in St. Clements Street to support the return of this leasehold building to the landlord at the end of the lease in September – all part of the revenue reduction strategy.
- 12.6. In order to intensify the use of the building, some minor internal adaptations will be necessary for which Listed Building Consent is currently being sought. The bulk of the work being planned is associated with improving the general condition of lighting, floor coverings, and the power and data infrastructure, together with some essential upgrading of toilets and kitchenettes as well as opening up office space, where the building allows, to maximise use. A new screen is also being fitted in the area of the concourse outside the Council Chamber, funded from the Fire Precautions Budget, which will provide fire separation sufficient to allow continued use of the upper floors of the building.
- 12.7. On completion of the various elements of work, the building will accommodate over 80 staff, provide the base for a new front line service (Registration), support further expansion in Property Services as a result of the impact of traded services, and release some £85,000 pa of building running costs (Carfax Register Office and Regency House) which will contribute to the overall Workstyle revenue savings achievements.
- 12.8. The investment necessary to deliver these changes amounts to some £930,000 and comprises building-related works, furniture, and fit-out. The works are fully funded and will be met from a combination of part of the capital receipt from the Carfax disposal (£300,000), the Workstyle Programme (£180,000), Capital Maintenance (£200,000), and Registration Service funds (£250,000).

Eastleigh, Hampshire House

- 12.9. The new Hampshire House office hub was the first of the Workstyle area hubs, and was opened in 2011. At the time, the objective was to create a solution that showed the impact of Workstyle delivery using a mix of new and re-used furniture. This has been replicated in a number of the smaller satellite offices as the programme has rolled out, but continuing work around the question of re-use has demonstrated that, in reality, re-using desks has a very practical disadvantage as it means that office spaces can only accommodate some eighty to ninety percent of the workstations that would otherwise be possible if new workstations were purchased.
- 12.10. A recent review of the original Hampshire House Workstyle solution showed that investing now in new furniture for parts of the building will enable a further set of efficiencies to be realised. For example, the Hampshire Music Service based at Rookwood in Eastleigh pays some £25,000 pa for instrument storage. By moving a team of Youth Service staff out of the building, the instruments can be stored in Rookwood, saving £25,000pa and providing other operational efficiencies.
- 12.11. With new furniture, the utilisation of Hampshire House can be increased to accommodate the Youth Service staff together with other teams (including one Adult Services Learning Disability team) and thus directly releasing a range of solutions supporting both the Andover co-location strategy with Test Valley BC, and the Winchester strategy (by moving staff out of Winchester into Hampshire House and providing much needed training spaces in the vacated office spaces).
- 12.12. The cost of the investment in Hampshire House to make this happen is £300,000, mostly to be directed into new furniture, but also some minor adaptations to the building. Funding will come from capital receipts arising from office disposals.
- 12.13. Procurement in relation to both of the above projects will be via the County Council's framework arrangements.

Other Projects

- 12.14. A range of other much smaller projects are also underway such as minor works to the Kent Road Family Centre in Gosport to release the freehold of the Children and Families building at Cattisfield Road in Fareham, works to Clarendon House in Winchester to release spaces at HQ, and the creation of enhanced capacity in Three Minsters House, Castle Avenue and also at Ell Court.

13. Recommendation

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

- 13.1. That progress on each of the projects is noted.
- 13.2. That approval is given to the next projects as part of the ongoing successful Workstyle programme as referred to in Section 12 of this report.

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.

1. Impact on Crime and Disorder:

- 1.1. 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.

2. Climate Change:

- 2.1. Positive impact 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 specific impacts on climate change.