

AT A MEETING of the BUILDINGS, LAND AND PROCUREMENT PANEL held in
the Chute Room, Elizabeth II Court South, Winchester, on
30 June 2015

Councillors:

p. Chairman: Councillor Mel Kendal
p. Vice-Chairman: Councillor Peter Edgar

a. Keith House
p. Frank Pearce

a. Martin Lyon
p. John Wall

Substitute Members:

p. Councillor Andy Moore (UKIP substitute Member)

82 BROADCASTING ANNOUNCEMENT

The Chairman announced that the press and members of the public were permitted to film and broadcast the meeting. Those remaining at the meeting were consenting to being filmed and recorded, and to the possible use of those images and recording for broadcasting purposes.

83 APOLOGIES

Apologies for absence were received from Councillor Keith House and from Councillor Martin Lyon, the UKIP substitute Member, Councillor Andy Moore attended in his place.

84 DECLARATIONS OF INTEREST

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest and, having regard to Part 3, Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Personal Interest in a matter being considered at the meeting they considered, having regard to Part 5, Paragraph 4 of the Code, whether such interest should be declared, and having regard to Part 5, Paragraph 5 of the Code, considered whether it was appropriate to leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with the Code.

85 MINUTES

The Minutes of the meeting held on 31 March 2015 were confirmed by Members as a correct record and signed by the Chairman.

86 CHAIRMAN'S ANNOUNCEMENTS

The Chairman announced that Amanda Frost, the Head of Catering Services, would be retiring on 31 July and congratulated Amanda on her managing a successful and well regarded business and for leaving at a time when the number of meals provided at Primary Schools is at such a high point.

The Chairman also informed Members that the completed primary phase building at the Westgate All-through School was officially opened by the Lord Lieutenant in May. This would be Hampshire County Council's first 4-16 years school and would provide an additional 420 school places in central Winchester. This project is part of an investment of £15 million to provide 900 extra school places within Winchester.

The Chairman announced that the new Winchester Registry Office had opened following the transformation of part of the County Council's Castle Hill buildings. New facilities included a ceremony room and locations for the public to register births, marriages and other life events. This transformation formed part of an on-going programme to consolidate the Council's built estate and reduce costs.

The Chairman updated Members of the Panel on recent awards received by Hampshire County Council's Property Services teams. Firstly, Berewood Primary School in Waterlooville had received a commendation from the Royal Institute of Chartered Surveyors for its innovative use of three dimensional design technology. Secondly, Property Services had been shortlisted in three categories in the Constructing Excellence Awards. These categories were:

- Three dimensional technology – project of the year
- Technology champion of the year
- Educational opportunities for leadership and people development

The Chairman also announced that the Centre for Engineering, Manufacturing and Advanced Skills Training (CEMAST) building in Lee-on-Solent received a regional winner award at the South East Local Authority Building Control Building Excellence event earlier in June.

87 DEPUTATIONS

There were no deputations on this occasion.

88 ENERGY CONTRACTS FROM SEPTEMBER 2016

The Panel considered the report of the Director of Culture, Communities and Business Services seeking approval to procure and spend on energy supply contracts from September 2016 when the current contracts expire. (Item 6 within the Minute Book.)

The Director informed the Panel that existing contracts were procured via the LASER Buying Group – a public sector buying organisation. Members noted the current framework was due to expire and commitment to further procurement of energy supply contracts was required.

The Panel were informed that there were two approaches to purchasing that could be adopted. Firstly, Purchase In Advance (PIA) whereby all energy requirements are purchased in advance of the contract supply period. Secondly, Purchase Within Period (PWP) whereby a portion of the energy requirements are purchased in advance but a certain volume is left giving the option to purchase within, or closer to the start of, the actual supply period. It was confirmed that energy provided to the Council's corporate estate, including Fire Service, Constabulary, Street Lighting and Traffic Signals, would in future be largely PWP. Energy supplied to schools would be principally PIA to ensure budget certainty.

It was also confirmed, in response to Members questions, that approximately 10% of the overall electricity procured would be through a Power Purchase Agreement (PPA). The majority of the County Council's energy (both electricity and gas) would be procured on a flexible basis.

RESOLVED:

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

- a. To conclude a 10 year Power Purchase Agreement fixed price (+inflation index) deal direct with a Generator for a minimum of 15GWh and maximum of 20GWh. This represents some 10-15% of the total portfolio. This method will be allocated across the portfolio as follows:-
 - Corporate (including Fire)
 - Constabulary
 - Street Lighting and Traffic Signals
 - Schools
 - Partners/Colleges – as nominated by them
- b. That the PPA arrangement will be brokered by LASER, but there will be no constraints over moving the rest of the portfolio to a Buying Partner other than LASER within the 10 year duration.

- c. To enter a 2 year contract for the remainder of electricity and gas via LASER and, within that timescale, conduct a more detailed review of alternative Buying Partners such as Crown Commercial Services (CCS);
- d. To arrange to meet the requirements of schools through a mix of PPA (which would represent 10-20% of their spend) and Purchase In Advance (PIA) to provide budget certainty.
- e. That all Corporate spend including Fire Service, Constabulary, Street Lighting and Traffic Signals to be met as a mix of PPA (10-20%) with the balance PWP.
- f. That partners such as Districts and Colleges are to be given the choice to commit part of their portfolio to the 10 year PPA and advise the preferred allocation of remaining spend across PIA and PWP.
- g. That the Buildings, Land and Procurement Panel receive a further report on the implementation of these arrangements in June/July 2016 and thereafter an annual report on the performance of the contracts, demand, partners and any changes in the balance of the PWP and PIA purchase options for the next year of delivery.
- h. That the Director of Culture, Communities and Business Services has delegated authority to determine operational matters within the duration of the contracts.

89 MINOR WORKS CONSTRUCTION FRAMEWORK PROCUREMENT

The Panel considered the report from the Director of Culture, Communities and Business Services seeking approval to progress with the procurement of a four year minor works construction framework (Item 7 within the Minute Book.)

The Director summarised the report and informed the Panel that this framework would complement the new Intermediate Framework and the new Southern Construction Framework which had been recently implemented. The Minor Works Framework would also replace the existing Register of Contractors and, largely, the Local Construction Framework.

Members were pleased to hear that the introduction of this framework would engage small/medium sized construction contractors, often from within the locality, to deliver Hampshire projects and that this would deliver greater local spend, improve local employment and also offer opportunities for apprenticeships within local firms.

RESOLVED:

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

- a. To approve the procurement of a new Minor Works Construction Framework as outlined within the report, to a maximum value of £240m over the 4 years with a targeted implementation date of 2016.
- b. To approve the increase in potential maximum value of the Regional Modular Building Framework from £150m to £300m and to approve the increase of the HCC maximum value from £8m to £13m.

90 PROPERTY SERVICES UPDATE TO SCHOOLS

The Panel considered the report of the Director of Culture, Communities and Business Services providing an update on progress relating to school building activities and the management of the Children's Services Capital Programme. (Item 8 within the Minute Book).

The Director drew Members' attention to key areas of the report including the Joint Working Arrangement being developed with Academies and the successful Priority Schools Building Programme 2 (PSBP2) bids for four Local Authority schools and one Hampshire Academy.

It was highlighted that the indicative allocation of Schools Condition Allocation (SCA) funding to Hampshire County Council would be £17.8 million annually for the next three financial years – 2015/16, 2016/17 and 2017/18. This early indication had enabled forward plans to be formulated and Members heard about the plan to allocate £10 million of the funding towards the design and procurement of five school projects.

The Panel were informed of progress with the Children's Services Capital Programme which is delivering 11,000 new primary school places across Hampshire. It was confirmed, following Members questions, that any project contained within the Capital Programme had already had funding identified. There was also work being undertaken into planning for secondary school provision. A future report would be brought to Members outlining the strategic approach to the secondary schools demand.

The Director clarified the content of the report recommendations and the proposal to identify £10 million of the indicative SCA grant on repair and maintenance projects. An additional recommendation was presented to the Panel to allow for delegated authority to be given to the Director of CCBS to undertake design and procurement of these projects up to a value of £800,000 in fees. Contracts would only be let on confirmation of the grant allocations and sufficient resources being available in the relevant financial year.

RESOLVED:

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

- a. To approve the proposals to identify £10m of the indicative 2016/17 and 2017/18 Schools Condition Assessment grant on repair and maintenance projects as listed in paragraph 6.4 of the report. That the Director of Culture Community and Business services be given delegated authority to undertake design and procurement of these projects up to a value of £800,000 in fees. Contracts will only be let on confirmation of the grant allocations and sufficient resources being available in the relevant financial year.
- b. To note the continuing strong relationship between Property Services and schools across all sectors in Hampshire.
- c. To note the progress towards launching the JWA with Academies.
- d. To note the positive progress being made to design and deliver a major programme of schools expansion projects in the Children's Services Capital Programme. 11,000 additional primary places will be provided by the County Council.

91 PROPERTY SERVICES BUSINESS REVIEW 2014/15

The Panel considered the report of the Director of Culture, Communities and Business Services providing an overview of the Property Services' financial outturn for 2014/15 (Item 9 within the Minute Book.)

The Director emphasised particular sections within the report including the graph, under section 3.2, showing a 60% total growth in income from £18.3million in 2011/12 to £29.2 million in 2014/15. An increase in income from external clients was also noted some examples being Reading Borough Council, the Police and Crime Commissioner and also from managing regional construction frameworks.

The report highlighted that Property Services had seen a 20% growth in staff numbers since 2012 and it was confirmed that this figure related to permanent Hampshire County Council staff. Additional resource had been provided through private sector partners (in a joint arrangement with the Director of Environment, Transport and Economy (ETE)) which had enabled the 60% growth to be delivered. Following Members questions regarding the risk of a reduction in workload, and the strategy should this situation arise, it was explained that the partner arrangement was flexible and the extent to which the resource was commissioned could be adapted to suit fluctuations in workload.

RESOLVED:

That the Buildings, Land and Procurement Panel note the successful outturn for Property Services in 2014/15 as follows:

- Total growth in income over 4 years from £18.3m to £29.2m: a 60% increase.
- A doubling of external income from £6.3m in 2011/12 to £12.5m in 2014/15. External income in 2014/15 represented 43% of the total.

92 BUSINESS SERVICES – 2014/15 ANNUAL REPORT AND ACCOUNTS

The Panel considered the report of the Director of Culture, Communities and Business Services summarising the financial performance of the Business Units within CCBS for 2014/15. (Item 10 within the Minute Book.)

The Director updated Members on the outturn of each of the business units within the Business Services group. The Panel were pleased to hear of the continuing success of the in-house catering team, HC3S, who had successfully managed the significant increase in uptake of primary school meals which contributed to an increase in their income of 23.9% over the previous year to £29.5million. A discussion was held regarding those schools with a relatively low uptake and how any gaps could potentially be addressed.

It was noted that there was an income increase of 8.5% for Hampshire Transport Management which produced a higher than estimated figure of £7.4million. Members heard that permanent arrangements for Adult Services client transport would be hosted within ETE following the success of the current trial. Furthermore, by October 2015, the entire fleet of pool cars would have been switched to the Alpha City model.

The income for Hampshire Printing Services was 5% greater than predicted for the year and it was reported that the service continued to support the Joint Working initiative with partner organisations.

The Panel were informed that the total income for County Supplies and Corporate Procurement was £12.8million. It was highlighted that external income contributed heavily to those figures with over 90% of warehouse turnover deriving from external (non corporate) customers. Procurement staff from ETE had been integrated into the Joint Procurement Team since October 2014 and a new Head of Procurement had been in post since April 2015.

The overall surplus achieved by the Business Units totalled £1,174,000. This result is greater than the forecast and it was confirmed that this figure also incorporated significant staff redundancy costs. Managers were congratulated on the overall performance of the Businesses.

Members were pleased to see that the sickness absence figures across all of the Business Units, and particularly for HC3S, had remained low throughout the year.

RESOLVED:

That the Buildings, Land and Procurement Panel made the following recommendations to the Executive Member for Income and Capital Receipts:

- a. The 2014/15 annual report and accounts for the Business Services Group be approved.