

HAMPSHIRE COUNTY COUNCIL**Report**

| | |
|-------------------------|--|
| Committee/Panel: | Buildings, Land and Procurement Panel |
| Date: | 31 March 2015 |
| Title: | Major Projects Report |
| Reference: | 6293 |
| 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:

- Education Programme Update (including Park School)
- Construction Frameworks and Market Update
- New Modular Framework
- Capital Receipts Update
- Manydown Update
- Strategic Asset Management Plan Update
- Solar Photovoltaic (PV) and Energy Performance Programme (EPP)

2. Education Programme Update (including Park School)

2.1. 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 school places. These projects will contribute to the provision of a significant number of additional school places over the next three years across Hampshire.

2.2. Further to project completions in September 2014 of new schools, existing school extensions and temporary classrooms (providing shorter term additional capacity) the following projects are currently progressing on existing school sites towards an autumn 2015 completion; Wellstead Primary School (Hedge End), Wellington Primary School (Aldershot), Pilgrims' Cross CE Aided Primary School (Andover), Burnham Copse Primary School (Tadley); Westgate School (Winchester); All Saints Primary School (Winchester); Colden Common Primary School; Riders Infants & Junior

(Havant); Wellington Primary (Aldershot); Locks Heath Infants & Junior; Crescent Primary and Norwood Primary (Eastleigh); Four Marks Primary (Alton); Sun Hill (Alresford) and Herne Junior (Petersfield) Schools, and additional secondary places are being built at Calthorpe Park Secondary School (Fleet) having had enabling works undertaken this summer on site.

- 2.3. We are in the process of finalising agreement for approximately twelve Modular units to meet short and medium term demands for school places for September 2015. These will be a mix of purchased and hired units to fit the needs of each site. Generally these units will be in place until there is a more permanent solution. Cornerstones Primary School, Whiteley, is a medium term temporary school intended to provide school places in the Whiteley area until around 2019 when it is anticipated that this school will be replaced with a permanent building on an alternative site. The second phase is now required to deal with the demand for additional places as children move through the school, and to accommodate additional demand. This work will now be procured and deployed so that the accommodation is in place for late 2015.
- 2.4. Designs are progressing well for adding school places at existing primary and secondary schools which are due for 2016 completions; these include, Great Binfields Primary (Basingstoke); Marnel Infants & Junior (Basingstoke); Hook Infants & Junior; Oakwood Infants & Greenfields Junior (Basingstoke); Tower Hill Primary (Farnborough); Brookfield Secondary (Southampton); Nursling Primary School (Southampton).
- 2.5. In relation to new areas of housing development at Park Prewett (Basingstoke) there are additional primary school places being added by way of the new one form entry Castle Hill Primary School building on site, due to be completed in summer 2015. There are also designs now being developed for new primary schools for new areas of housing development at Barton Farm (Winchester) with the University of Winchester as academy sponsor; David Kirk Primary Academy (Wellesley, Aldershot) with the University of Chichester as academy sponsor; and a new primary school for Boorley Green (Eastleigh) all currently proposed 2017 completions.
- 2.6. Feasibility and design proposals are also now starting to be taken forward for additional primary and secondary school places for 2017 and 2018 across Hampshire. There is on going dialogue with Districts and Borough Councils and developers about proposed new housing development specifically for the educational provision and community infrastructure. This includes proposals for five new secondary schools and up to nine new primary schools for Eastleigh, Fareham, North Whiteley, Basingstoke and Bordon/Whitehill.
- 2.7. The significant building works at Park Community School continue, as reported in the last update report to the Panel. The new building block was completed successfully in 2014 and handed over to the school. The old system built and structurally deteriorated Intergrid buildings have been demolished leaving the remaining existing buildings under going refurbishment. Site infrastructure and external landscape are also included in the remaining phases of work.

- 2.8. The works to reinstate the landscape and new car park are well underway. The refurbishment areas to the remaining existing buildings are also now progressing well. The period between September and Christmas has been the most challenging of the project so far and the works have been delayed and additional costs incurred due to unforeseen asbestos and drainage related issues on site. Disruption to the school is being minimised as much as possible and they have been very helpful in working with the Council to keep the project moving. There have also been additional financial pressures due to continuing inflationary and resource issues in the construction industry. The contractor is currently reporting a delay to the overall completion to the summer of 2015 which is being carefully managed with the school.
- 2.9. The Director of CCBS is continuing to work with the contractor and school to mitigate the effect of the unforeseen work. It should be noted that the construction project will be on site for more than the 2 years originally planned and, as such, is one of the more complex and challenging projects for re-modelling an existing school that this Council has undertaken. The school has remained in occupation throughout the construction and have worked tirelessly and in challenging circumstances with the design team.
- 2.10. There are building works also progressing on site to replace modular buildings at the New Forest Education Centre (Dibden Purlieu) with permanent accommodation, the buildings are due to be completed in September and the landscape completed by November 2015. Building works are also progressing on a replacement sports hall, preschool provision and enhanced external facilities at Warblington Secondary School (Havant), with phased completions in 2015. There is also a major project being designed currently for the Romsey School (a secondary academy) which is being jointly funded by Children's Services and the academy. This is principally internal refurbishment to create more efficient use of the space and mitigate existing accommodation pressures.
- 2.11. Six new homes are planned in the strategy for the relocation and replacement of Hampshire's Children's Homes. The new buildings will offer a homely environment for the small group of Children Looked After for which foster care or other provision is not suitable. The group is small in number but their needs are great, there are two phases of delivery planned for the new homes.
- 2.12. Planning approval has been secured for Phase One and works are progressing to approval contractors with a start on site for the four projects in spring of 2015. It is anticipated that the homes in Phase One of the programme will be ready for occupation by January 2016 and in full use by April 2016.
- 2.13. Phase Two of the programme includes two new Children's Homes; one at Catisfield Road, Fareham and one in the Winchester/Eastleigh area. Viability studies and public consultations are being or will be undertaken prior to planning applications and, subject to the outcome of these, it is anticipated that these new homes will be ready for occupation later in 2016.

- 2.14. In total, viability, feasibility and design work has commenced on the majority of the named projects in the Council's Children's Services capital programme 2015-18 with more than £200m investment planned across Hampshire's education estate.
- 2.15. The scale of this work to add primary school places has not been seen in Hampshire for over 30 years and as this demand progresses to secondary schools a similarly strategic approach is being undertaken for the provision across the secondary sector. This will be more complex in terms of planning, community infrastructure and specialist accommodation. A future report will be brought to Members outlining the intended approach.
- 2.16. Lower cost schools have been delivered over the past 5 years and further work is on-going to maximise value. Building costs have been progressively reduced putting the County Council in the best position to combat the potential effects of inflationary pressures in the construction industry. The cost reductions to date have been delivered with no significant reduction in quality and plans continue to develop this adopted approach.
- 2.17. The County Council has a local and national reputation for the quality of its school buildings and there is work continuing on regional and national benchmarking of costs with other local authorities to ensure the Council continues to achieve and evidence best value.
- 2.18. The County Council has led a national study in benchmarking the cost of school buildings. This has been co-ordinated using the Education Building Development Officers Group (EBDOG) which represents officers who deliver school capital building projects in local authorities. Over 40 authorities have taken part and data on over 120 completed school projects has now been collected. There is a wide geographical spread across the whole of England.

This exercise has demonstrated that Hampshire's school construction costs are at the national average for both net building costs (measured in £/m²) and costs per pupil place. National costs for delivering school buildings have been reducing (16% over the last 3 years) based on normalised like-for-like comparisons. Hampshire is building schools at a lower net cost than it was 3 years ago (when adjusted for inflation).

3. Construction Frameworks and Market Update

- 3.1. The new Southern Construction Framework has been procured in conjunction with Devon County Council representing the South West, and Haringey Council representing London. The framework is in three geographic Lots, the South West, the South East (SE) and London. All framework tenders have been evaluated prior to notification (in February 2015) and award. Subject to successful award procedures, the Framework will formally launch on the 29 April 2015, replacing the existing SE and London Framework (SEaL), delivering projects in excess of £4m in the South East.
- 3.2. A separate framework for intermediate projects is also being procured based on Hampshire needs primarily, but available to specifically named partner

authorities in and around Hampshire. This has been evaluated, and subject to scrutiny will launch in mid April, delivering projects from £1m to £4m.

- 3.3. Workload through the frameworks is very high and some projects are experiencing cost pressures. Regional and National surveys conducted through framework contractors and their supply chains are showing cost increases and workforce pressures on many trade packages and major items of plant, lengthening delivery periods. Property Services are using this information in conjunction with our capital pipeline to inform procurement strategies to minimise the impact for the Council. However, ongoing cost and resource pressures are expected in the construction industry for some years as the economy emerges from recession and workload booms.

4. New Modular Framework

- 4.1. As part of the Traded Services Strategy for Property Services a number of initiatives are being developed to deliver public good by expanding the County Council's capacity to deliver quality services within and beyond our borders. It is envisaged such activity will also make a financial contribution back to the County Council.
- 4.2. The County Council has an established track record of setting up and managing highly successful regional frameworks and has a national reputation of excellence in this area of activity. The Traded services strategy for Property Services envisages that this area of activity should be expanded and intends to put in place a programme of new and complementary procurement arrangements that generate a commercial return to the County Council.
- 4.3. The current modular building framework terminates in April 2016. It was established for the supply, installation, lease, rental, hire and purchase of Modular Volumetric building and was a joint procurement with Surrey County Council. The arrangement has been highly successful and the plan is to significantly expand both the type of products and geographic area for the new framework. In order to support the business case for the expanded arrangement market research is being undertaken and current findings are that there is a market for such products. It is proposed that the new framework will be available to Local Authorities, education providers and other public sector users across the South East, South West and London. It will also potentially cover neighbouring areas. The framework will be with multiple providers and will have a potential value of £150 million over its 4 year life. It is intended to conclude the consultation stage and advertise the framework in the spring of 2015. A complementary modular permanent build framework is also being explored and this arrangement could be developed to include whole new school buildings. Further reports to this Panel will track the development of both this and the Volumetric buildings framework.
- 4.4. Procurement arrangements for the Modular Framework are included in a report elsewhere on this agenda.

5. Capital Receipts Update

- 5.1. The 2014/15 financial year has proved to be successful in terms of capital receipts from property, exceeding the forecast at the beginning of the year. £12.36m of capital receipts have been achieved so far in 2014/15 and a predicted total for the financial is in the region of £12.6m.
- 5.2. It should be noted however, that the general trend of capital receipts continues to suggest that the receipt expectations from 2016/17 will be relatively low. The expectation is that significant longer term receipt generation will be reliant on Strategic Land sites, although this programme is unlikely to produce significant income until after 2018. The Enquiry process has commenced on Local Plan reviews in Basingstoke and Eastleigh although there remains uncertainty over whether all of the County Council's strategic sites will be allocated for development. Revisions to the Local Plan review timetables mean it will be over 12 months before either Plan is likely to be considered for adoption. If successful, there is anticipated to be significant and increasing workload for Hampshire's Property Services as the successful sites are brought forward for development.

6. Manydown Update

- 6.1. The Manydown Strategic Land site is currently allocated for 3,400 dwellings in the Basingstoke and Deane Draft Local Plan up to 2029 which is currently at its Examination in Public (EiP) stage. Following the Local Plan Inspector's suggestion that the Local Planning Authority increases its annual housing allocation numbers, further potential dwellings have been offered by the joint landowners from the Manydown land. Following the recent Executive Member for Policy and Resources approval of the Manydown planning strategy, work is now under way to commission the appropriate professional capacity to assist with the assembly and submission of a future planning application. In addition, the Department for Communities and Local Government (DCLG) have approved the recent bid made to their "Large Sites Infrastructure Fund" for a grant to support feasibility work in relation to planning, transport, housing and education.

7. Strategic Asset Management Plan Update

- 7.1. Hampshire County Council's new Strategic Asset Management Plan (SAMP) for the period 2015 – 2018 has now been published and builds on the themes from the first Plan (2011-14).
- 7.2. The new Plan aligns closely with the 'Shaping Hampshire Plan' and brings together service and property strategies in a document which gives a complete overview of the County Council's property assets and how it is intended to manage and develop them to fulfil service needs, transformation and corporate objectives. The first part is context, self assessment and review of actions from the previous Plan. The second part concentrates on policy and corporate objectives, which drives all the activities in managing and developing this substantial and important asset base. The third part of the Plan sets out all the main strategies for delivering the County's

objectives and the fourth part is a summary of all the main actions emanating from the first three parts of the Plan.

- 7.3. The County Council has a highly varied Property Estate, which has a total asset value of nearly £3 billion and the use of these assets are optimised to achieve the County Council's aims and assist in the delivery of quality services. The Plan highlights the importance of these assets and the opportunity to generate efficiencies and savings, as well as capital receipts for reinvestment. The continued development of a single property database and digital technology will further enhance the innovative and professional approach taken to manage the portfolio. The SAMP also highlights how the County Council is working in partnership with a range of other public bodies, and those within the voluntary sector, to share and integrate both services and buildings.
- 7.4. The new Plan aims to raise awareness throughout the County Council so that decisions continue to be taken as part of a coordinated process. This is especially important at a time of significant transformation, when the opportunities to generate efficiencies, savings and potential revenue income need to be realised.
- 7.5. The Plan proposes a number of significant actions to be taken including the creation of a new Asset Forum for Senior Officers. This is now in place, drawing together officers from Property and the Service delivery functions to share ideas and challenges and to ensure that strategic asset management will be an embedded process throughout the County Council, facilitated by the Strategic Asset Management Plan.

8. Solar Photovoltaic (PV) and Energy Performance Programme (EPP): Next Steps

- 8.1. As part of the County Council's Energy Strategy, approved by Cabinet, a number of energy related projects have been supported and are progressing well. It is now proposed to come forward with a range of further projects which will:
 - Reduce the Council's energy costs (contributing to revenue expenditure reductions as part of the Transforming the Council 2015/2017 Programmes).
 - Contribute to the Carbon Reduction Strategy for 2010/2015.
 - Take advantage of financial incentives from Government (Feed in Tariffs (FIT)).
 - Further develop expertise and skills in Property Services to trade with other public sector organisations and generate additional income.
 - Reduce the council's reliance on fossil fuels.
 - Insulate the council from increased energy purchase costs in the future.
 - Secure on-going business relationships with schools.

- 8.2. The Buildings, Land and Procurement Panel has supported the following programmes to date, approved by the relevant Executive Member:
- A first phase Energy Performance Programme on Council corporate buildings.
 - Installation of Solar PV arrays on new schools and extensions associated with the Children's Services Capital programme.
 - Pilot Solar PV installations on three corporate buildings (Elizabeth II Court, Dame Mary Fagan House and a Nursing Home in Sarisbury).
- 8.3. In addition, the County Council provided the technical support for a programme of Solar PV installations on schools funded by the 'EcoSchools' organisation. All of the PV installations to date have demonstrated that they meet or exceed the design targets (for energy generation). This gives us confidence to proceed with further recommended proposals.

Next Steps for Solar PV

- 8.4. Following the successful corporate building pilot that tested the market and confirmed the business case was viable, it is recommended to Members that £1m is invested in further installations. The choice of buildings will be based on feasibility surveys already undertaken and will be prioritised on the basis of the most effective return on investment. A detailed business case has been completed and supports this next stage of investment. This will make a positive contribution to revenue savings as part of the Transforming the Council Programme.

Next Steps for Energy Performance Programme

- 8.5. A first phase of the Energy Performance Programme (EPP) is well underway, supported by the Buildings, Land and Procurement Panel and approved by the Executive Member Policy and Resources.
- 8.6. It is recommended further capital funding is made available for a second phase. There is a particular opportunity now as a result of the availability of 'Salix' loan funding. The council successfully used this fund in the past to deliver a corporate boiler controls programme which reduced energy costs and carbon emissions. The criteria for accessing the loan funding requires the Council to pay the investment back in five years. Hence, it is not appropriate for PV. It does, however, fit well with a further phase of EPP.
- 8.7. On the basis that an average pay back of around seven years was identified in the financial model for EPP Phase 2, a combination of HCC (£0.25m) and 'Salix' (£0.75m) funding is proposed. This is a good use of County council resources as it will lever in a greater level of funding from external sources. The Salix funding is, in effect, an interest free loan.
- 8.8. All of the above proposals have been thoroughly investigated and business cases prepared. It is recommended that it is now the appropriate time to move forward with the next steps of the Energy Savings Programmes of PV and EPP, totalling some £2m. It is proposed that the £1.25m of capital investment required by the Council comes from the allocation for Energy

Projects in the Policy and Resources Capital Programme. This source was used to fund the EPP Phase 1 works previously approved.

9. Recommendations

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

- 9.1. That progress on each of the projects is noted.
- 9.2. To move forward with the next steps of the Energy Savings Programmes of Solar Photo-Voltaic arrays and Energy Performance Programme for corporate buildings totalling some £2m, as outlined in Section 8 of this report. It is proposed that the £1.25m of capital investment required by the Council comes from the allocation for Energy Projects in the Policy and Resources Capital Programme.

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. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;

- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

This report contains routine updates on projects being progressed and therefore an Equalities Impact Assessment has not been considered necessary 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 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 impact on climate change will be considered at the time each of the projects is reported for approval. This report generally gives an update on progress and it is not appropriate to set out specific impacts on climate change.