

HAMPSHIRE COUNTY COUNCIL**Report**

Committee:	Buildings, Land and Procurement Panel
Date:	30 June 2015
Title:	Property Services to Schools: Update Report
Reference:	6514
Report From:	Director of Culture, Communities and Business Services

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1. Executive Summary

- 1.1. This report provides the Panel with an update on progress relating to school building activities including the management of the relationship between Property Services and the Children's Services Capital Programme.
- 1.2. The report seeks support to take the opportunity afforded in the Education Funding Agency (EFA) announcement that the County Council has an indicative allocation for the Schools Condition Allocation (SCA) of £17.8.m per annum for the three financial years 2015/16, 2016/17 and 2017/18.

2. The Service Level Agreement (SLA) with Local Authority (LA) and Aided Schools

- 2.1. The current SLA with schools runs 2012-2017. 'Buy back' of this service by schools has remained high for many years and has in fact increased since 2012 to a current record high. This positive position is in spite of the recent pressures on schools' revenue budgets over the period of the national economic downturn.
- 2.2. Work is now commencing to develop a new SLA offering for schools which will commence in April 2017. The final impact of the full delegation of the Capital Expenditure from Revenue (CERA) budget will need to be factored into the proposals for the new SLA for 2017-2022.

3. Academies Joint Working Agreement (JWA)

- 3.1. Academies are currently being asked to sign the JWA, an innovative new arrangement which replicates the SLA services delivered to LA schools. 19 Academies have already signed and a total of 22 are expected to confirm over the next few weeks. This new arrangement has many key benefits which have been reported to the panel previously.

- 3.2. In addition to the JWA a further 8 Academies remain on “SLA contracts” which replicate the LA schools SLA and are progressively being phased out.
- 3.3. The combined effect of the LA SLA, JWA and Academy SLA contracts is that over 500 schools in Hampshire agree to pool revenue resources of £20m per annum with all the benefits of collective buying power to address joint priorities.

4. Priority Schools Building Programme (PSBP2)

- 4.1. Following submission of bids under the PSBP2 four LA schools and an Academy have been advised that they have been successful. Fact checking and information gathering visits from consultants appointed by the EFA have taken place over the course of May and early June. All of these visits have been supported by Property Services.
- 4.2. It is hoped the results of these visits will be confirmation of significant maintenance investment by the EFA at Mill Chase Academy, Overton Primary, Wootey Junior, Overton CE Primary, Talavera Infant and Olivers Battery Primary Schools. Property Services are also pursuing the possibility of local delivery, rather than centralised procurement by the EFA.

5. Improving Procurement of Repair and Maintenance Minor Works

- 5.1. Property Services are currently progressing a new framework for the procurement of minor building works which is referred to in another report to the Panel. This will be focused on works which are repair and maintenance in nature and are typically of a low value and high volume. It is expected that this approach will be most attractive to the small to medium contractors local to Hampshire, but this will be tested through an OJEU compliant tender process. It is anticipated this new arrangement will be in place in early 2017.
- 5.2. Work is also commencing within Property Services to review and design the next generation of Term Maintenance Contracts (TMCs) which need to be in place for the Autumn 2016. These will be designed to operate in a coordinated manner with the new minor works framework proposed above.
- 5.3. Both the minor works framework and the new TMCs will improve the value for money offered by Property Services to schools.

6. Schools Condition Allocation (SCA) Forward Spend

- 6.1. The proposed programme against the SCA fund for 2015/16 was detailed in the March 2015 report to the Panel. The EFA announced that the County Council will have an indicative allocation of £17.8m SCA funding per annum for the three financial years 2015/16, 2016/17 and 2017/18. This is to be used for LA schools. The only caveat is that the allocation will reduce if there are further Academy conversions in the county. Future certainty of funding is something Property Services has been advocating with the EFA for some time now.

- 6.2. The announcement affords the opportunity to forward plan with some confidence to 2018 on key condition liability issues. The total anticipated allocation over 2016/17 and 2017/18 is therefore £35.6m. The County Council should now plan ahead and take advantage of the opportunity to plan over a longer horizon.
- 6.3. It is proposed that £10m of the 2016-18 funding is targeted at the highest priority and value liabilities with longer lead periods. At the same time it is proposed that the remaining proportion of the indicative allocations is retained for future years against which annual programmes of work on lower value priority repair and maintenance works can be prepared.
- 6.4. The highest value priorities in the schools estate for which it is proposed that detailed design and procurements are developed are listed below:
- Horndean Technology College (SCOLA recladding of the three storey block)
 - Aldworth School (SCOLA recladding of the ROSLA block)
 - Freegrounds Junior (SCOLA recladding)
 - North Baddesley Junior (SCOLA recladding)
 - Grange Junior School Gosport (two storey Timber Framed buildings)
- 6.5. Detailed design work will be undertaken on the above sites to test if the £10m sum will cover the liabilities, with a view to letting contracts as soon as confirmation of the indicative SCA allocations are confirmed by EFA (normally in December).
- 6.6. By progressing key projects against the indicative SCA allocations it is hoped to secure best value in the market ahead of the current inflationary pressures in the construction industry.
- 6.7. The two storey timber framed buildings at The Grange School in Gosport are one of two such schools in the county, the other being Fryern Junior in Chandlers Ford. Both buildings were unsuccessful in the PSBP2 bidding round but remain top priorities. The SCA programme is the next best option for addressing the issues on these sites and it is proposed to begin with The Grange as the higher priority.

7. Children's Services Capital Programme

- 7.1. Capital funding of £248m is currently identified in the Children's Services Capital Programme and much of this is to provide additional capacity in primary schools to meet the significant need for 11,000 additional school places across Hampshire. The capital funding is also to address special educational needs, education centres, the condition and maintenance of existing school buildings and the building of new children's homes.
- 7.2. The Children's Services Capital Programme 2015/16 to 2017/18 report, approved 21 January 2015 by the Executive Lead Member for Children's Services, sets out more of the detail of the continuing major investment planned in school buildings across Hampshire, again, with a particular emphasis on the need to provide additional places. It is essential that the

County Council recognises the context for the public sector and the need to maximise value for the resources available.

- 7.3. The Director of Children's Services and the Director of Culture, Communities and Business Services have been working closely together to ensure that good quality school buildings will continue to be delivered at lower cost. The strategies they have developed and are implementing are to ensure appropriate and sufficient space to accommodate learning and provide flexibility; robust and good quality materials are used to ensure low maintenance and longevity; and a focus on value for money.
- 7.4. The County Council is continuing to develop its school design solutions to ensure that good quality and cost effective buildings are delivered and this includes:
- building on the years of design experience, including reduced floor area without a significant impact on space and flexibility and delivering core site infrastructure
 - identifying effective and common design and specification to school design
 - delivering economies of scale through aggregation of projects into programmes of work
 - managing supply chain and local resources through involvement of contractors and subcontractors
- 7.5. There is evidence that, following the worst recession in a generation for the construction industry, consultant and contractor skills and capacity have shrunk back significantly. In anticipation of this and in the context of the growing capital programme the County Council successfully increased its capacity for design and delivery over the past 18 months through successful in-house staff recruitment and new strategic partner arrangements with the private sector.
- 7.6. The national economy has emerged from recession and the construction industry has limited capacity to meet increases in demand. The County Council is engaging with contractors and suppliers and procurement work is on going to secure the necessary capacity. The engagement is at all levels, for example:
- a regional major contractor framework, the Southern Construction Framework, has been procured and was launched in May, this replaces the existing South East and London framework for projects over £4m
 - a new Intermediate Construction Framework was launched in May for projects in the band £0.5m-£4m
 - a revised Modular Framework and a new Minor Works Framework are being designed currently for procurement later this year (this is referred to in another report on the agenda)
 - in addition the current Register of Contractors is being replaced by new procurement arrangements to maintain significant capacity for traditional tendering where appropriate

- 7.7. The County Council has two programmes of work currently underway for the delivery of additional school places; firstly, for 2015/16 completions, 8 projects at £18m value providing 945 additional school places and, secondly, for 2016/17 completions, 10 projects at a value of £41.4m delivering 2145 additional places. The County Council is currently designing 11 projects for 2017/18 completion, a programme currently of £33.6m delivering 1620 additional school places over 3 years. This is a total investment of £93m providing 4710 additional school places and is all part of a planned programme of 11,000 additional primary pupil places over a five year period. There are already two new primary schools within these programmes with confirmed Academy sponsors, the University of Winchester and the University of Chichester. The County Council has established good working relationships with both, and further academy sponsored new schools will follow.
- 7.8. As a key part of the County Council's strategy to secure future capacity and investment in skills by the construction industry, the County Council has led in establishing a collaborative forum with other local authorities - SE7 construction hub. This will give visibility to contractors of the anticipated pipeline of investment in primary and secondary schools sector across Hampshire and the wider region. The longer term pipeline from 2015 to 2025 is in the order of £1.5bn across the region; this offers the construction industry a very significant opportunity to secure business.
- 7.9. The majority of projects in the current programme relate to primary schools. However, as this demand progresses to secondary schools there is a need to prepare a similar strategic approach. The secondary sector, by its nature, will be more complex in terms of funding, design, planning, infrastructure and delivery. A future report will be brought to members explaining the intended approach.
- 7.10. In conclusion, the County Council's strategies for delivery of the capital programme funding, its leadership and involvement with other Local Authorities across the region together with the sharing of data and the development of a suite of framework arrangements with regional local authority partners and the knowledge and skills of the County Council's in-house team stand the County Council in good stead to respond to the current challenges and opportunities.

8. Recommendations

- 8.1. That the Buildings, Land and Procurement Panel recommends to the Executive Member for Policy and Resources that he approves the proposals to allocate £10m of the indicative 2016/17-17/18 SCA grant towards detailed design work on the projects listed in this report and the subsequent letting of contracts as soon as possible after the indicative allocations are confirmed (anticipated December 2015).
- 8.2. That the Panel notes the continuing strong relationship between Property Services and schools across all sectors in Hampshire.

- 8.3. That the Panel notes the progress towards launching the JWA with Academies.
- 8.4. That the Panel notes 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.

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

Hampshire safer and more secure for all:	yes
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):	
OR	
This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because:	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

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:

The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;

Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;

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 is an overview and information report based upon the work conducted with schools and Property Services. Any projects will have an individual EIA completed by project officers.

2. Impact on Crime and Disorder:

This report has no impact upon crime and disorder.

3. Climate Change:

How does what is being proposed impact on our carbon footprint / energy consumption? No impact.

How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? Not applicable.