Agenda item: 8

# HAMPSHIRE COUNTY COUNCIL

## Report

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| **Committee/Panel:** | Buildings, Land and Procurement Panel |
| **Date:** | 11 October 2016 |
| **Title:** | Strategic Asset Management - Risk Management 2016/17 |
| **Reference:** | 7773 |
| **Report From:** | Director of Culture, Communities and Business Services |


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## 1. Summary

1.1 The purpose of this report is to set out the current Risk Management Strategy for the Built Estate to ensure that the investment decisions are based on a strategic risk assessment approach.

1.2 This report through the Strategic Risk Management Framework :

- identifies health and safety priorities for 2016/2017
- confirms that resources are directed to the highest and most significant liabilities across the built estate
- validates performance over the last year and provides a summary of the planned actions and resources required for continuous improvement
- provides information of the required key strategic asset risk

## 2. Contextual Information

2.1 The corporate programme requires an annual assessment of each risk by the end of August each year. The assessment ensures that Property Services follow the County Councils priorities for Risk Management. The County Council uses ISO 31000:2009 and HSG65 Successful Health and Safety Management as a framework to manage business and health and safety risk.

2.2 The key priorities ensure we continue to deliver capacity across the organisation for handling risk and responding dynamically to uncertainty. They support the maintenance of acceptable health and safety standards, whilst increasing consistency of practice; and ensure risk management effectively supports outcome delivery whilst identifying areas of cross cutting risk, corporate issues and emerging risk.

2.3 The County Council has a legal duty to manage the health and safety requirements in its buildings to ensure that people (users/public/staff) are not affected by the risks. The duty is met both by Property Services, who have a responsibility for the infrastructure of the buildings and the occupiers of the buildings through their facilities management arrangements (e.g. school managers, local building managers, FM delivered services).

2.4 The recent changes to the 2016 health and safety sentencing guidelines, produced by the criminal justice system, has brought about the most significant change in health and safety enforcement since 1974. Up until now enforcement practice has been directed at outcome of the risk not exposure to the risk. The shift which is only just beginning to emerge is showing that exposing someone to a high risk of death should warrant the same sentence regardless of whether or not there is a fatality. The service is reviewing the risks in this context and will make any changes if required, to the profile.

2.5 The risk register and individual assessment likelihood already considers a risk based approach in how serious the harm is that was risked as it is already considered that a majority of non fatal incidents could have been more serious.

## 3. Finance

3.1 A detailed programme for expenditure was set out in the report to the Buildings Land and Procurement Panel on the ‘Repairs and Maintenance Budget’ which considered the level of funding available for the financial year (2016/17) in March 2016. This report provided information on the Capital Repairs Programme Allocations for the Corporate Risk Assessment 2016/17.

3.2 The financial approach still represents the optimum position to enable compliance with statutory inspection balanced against essential maintenance replacement.

3.3 The budget will be directed to address the highest known properties for health and safety risks defined and set out in the Strategic Risk Register.

3.4 It should be noted that with a total liability of over £400m across schools and the corporate estate the available capital funding falls short of the overall condition liability for repairs and maintenance. This means that not all risks associated with the built estate can be eliminated. The condition assessments and Corporate Risk Assessment approach continue to inform sound investment decisions in the built estate, targeting effective risk management and risk reduction.

**Table 1 Capital Repairs Programme –Corporate Risk Assessment**

| Area of Risk | 2015/2016 | 2016/17 |
|---|---|---|
| | £'000 | £'000 |
| Condition of Building Fabric | 18,545 | 17,605 |
| Mechanical Services Management (failure) | 5,251 | 5,745 |
| Fire Management and (arson) Prevention | 504 | 504 |
| Electrical Services Management(failure) | 4,149 | 4,150 |
| Management of Asbestos | 591 | 591 |
| Structural Condition | 321 | 321 |
| High Level Access to Plant | 56 | 56 |
| Management of Legionella | 670 | 278 |
| Other Priorities | 1,042 | 1,030 |
| CRA Contingency | 168 | 168 |
| **Total** | **31,297** | **30,448** |

3.5 Of the £30.4m in the table above, approximately £26.8m is spent on schools which is funded directly from their own budgets or Government grant. The balance of £3.6m is County Council money spent on the corporate estate.

## 4. Performance

4.1 The current Strategic Risk Assessment and Performance Framework for the Built Estate for 2016/2017 are attached in Appendix 1. Each risk has an abridged commentary. Further information can be found in the Risk Register. The Director of Culture Communities and Business Services (CCBS) has agreed the Property Services Risk Register for 2016/17. The integrated risk management strategy requires that risk owners review risks regularly and report by exception through the departmental performance report. The annual risk management report provides assurance of mitigation and effectiveness of controls to the departments Senior Management Team.

4.2 All risks are allocated an overall status. Where a risk is assessed as being medium, high or very high additional control measures must be considered to lower the risk further. It is not always the case that additional controls will reduce the score further. Where further controls are required then a current action plan is developed. Where necessary individual risks will have a business continuity and resilience plan in place as part of the overall mitigation.

4.3 In 2015/16 18 risks remain on the Property Services Risk Register. These were ranked with a detailed assessment and management programme. The Management of Asbestos, Fire including Arson Prevention, Management of Glazing and Window Safety, Hot Surface and Hot Water Injury and Management of Legionella remain as corporate cross cutting risks with Property Services as the lead risk owner. The overall level of risk for 1 of these risks has been assessed as high, 3 of these risks has been assessed as medium and 1 risk assessed as low.

4.4 Fire including Arson Prevention has increased its likelihood score from possible to likely increasing the overall risk from medium to high. This was due to an increase (outside of Hampshire) in arson related incidents at Schools.

4.5 Twelve of the remaining thirteen risks are directly related to Property Services responsibilities to the Schools and Corporate Estate (repair and maintenance). The overall level of risk for one of these risks has been assessed as high. The Condition of Building Fabric including vandalism for non education has been assessed with a major financial, business/ service delivery and reputation risk. Seven of these risks have been assessed as medium and the remaining four risks assessed as low.

4.6 Carbon Management is a cross cutting risk and is associated to the County Councils Carbon Management Plan. In many areas Property Services has exceeded targets set within the plan. This risk has been assessed as low.

## 5. Condition of Building Fabric including vandalism – non education

5.1 This risk is defined as being the state of repair of the building fabric components of each 'Corporate Estate' building including hardstandings and drains but excluding plant and services. There are a number of embedded control measures in place which help to manage this risk including essential statutory requirements and comprehensive procedures and processes. All of these continue to have ongoing monitoring to ensure that they remain fully effective.

5.2 Capital and revenue funding continue to be under considerable pressure because of national spending reductions from central government. An additional one-off capital investment of £4.4 million has been secured over 3 years. Without further capital repairs investment the Corporate Estate liability will grow.

5.3 Ongoing work continues to define responsibilities within the Corporate Estate, however the number of significant transformation programmes mean this is regularly changing. Further review is currently being undertaken to ensure that all known building maintenance issues are recorded and all outstanding high priority items are resolved. The position on fragile roofs is also being reviewed.

5.4 Work is currently being undertaken to consider flood mitigation and relevant improvement measures associated with the future anticipated impact of Climate Change.

## 6. Fire and Arson Prevention

6.1 The County Council has continued to invest in survey and physical work across the Built Estate to meet benchmark standards. There continues to be significant investment in Fire Safety which has included management controls and training.

6.2 There continue to remain a number of buildings that do not yet meet the modern benchmark standards set out in the Fire Safety Management Manual because of the age of the structures. Local management standards continue to improve with support from the partnership arrangements with Hampshire Fire and Rescue Service and through the Facilities Management team.

6.3 The accredited Fire Safety Management training continues to be delivered to Schools and the Corporate Estate local managers. A refresher training course has also been developed and is being delivered. This training supports the occupiers of buildings to discharge their duties relating to local fire safety management arrangements.

6.4 There is currently a review to ensure that the governance of Fire Safety is appropriate and relevant. In particular, it is reviewing the reporting lines and accountabilities across the County Council.

6.5 The audit arrangements aimed at Fire Safety for non SLA Schools and the Corporate Estate are also being carried out.

## 7. Asbestos Management

7.1 Asbestos management continues to have good systems in place which include survey programmes. There has been a significant reduction in the number of minor non- reportable incidents across the County Council due to the improvements that were made during 2015/2016.

7.2 Property Services are continuing to support the corporate policy and procedures for Asbestos Management to ensure robust systems and processes are maintained to manage the risk and make sure that the County Council remains fully compliant with the Control of Asbestos Regulations (CAR) 2012.

7.3 The County Council, through Property Services, continues to have an exemplary record of asbestos management and its in house specialist team maintain the highest level of statutory compliance and certification.

## 8. Glazing and Window Safety Management

8.1 The level of risk increased last year due to the number of reportable incidents in Schools. Following improvements including physical barriers in assessed locations this has significantly reduced. The County Council has a legal duty to manage the glazing and window safety in its buildings to ensure that people (users/public and staff) are safe.

8.2 Property Services have completed glazing surveys in Schools and with the support of the Children Services Health and Safety Team they have assessed the hazards identified in the surveys to ensure appropriate controls are in place. Where this has resulted in physical measures (generally restraining rails against windows in system building stock) to protect and improve areas of risk Property Services continues to support this action.

8.3 Glazing surveys still need to be completed for the Corporate Estate (which are a lower priority). A review of the current glazing guidance needs to be completed with the corporate health and safety team to ensure a consistent approach.

## 9. Management of Legionella

9.1 The management of Legionella is currently a shared risk across the County Council. Property Service is the lead risk owner as Landlord and responsible for ensuring that they minimise the risk of Legionella colonisation and distribution in domestic and open water systems. The department currently has directed the development of policy and process in the control of legionella bacteria in water systems.

9.2 To make sure that the County Council responds to its legal duties and ensures compliance in the relevant parts of Health and Safety legislation the County Council has used the approved code of practice (L8 Fourth Edition 2013) to guide the control of legionella in water systems.

9.3 Property Services has continued to follow the strategy for managing legionella risk that was supported panel in 2013. A robust improvement programme including, allocated capital and revenue budget, alongside systems and processes was put in place at this time that responded to the legal requirements set out in L8. Since 2013 an improvement programme has been in action to further enhance Legionella Management in the Corporate Estates and Schools as a result of legislative changes and guidance.

9.4 This strategy showed strong improvements in many areas with 750 Technical Risk Assessments (TRA's) undertaken for the Corporate Estate and Schools in the period May – December 2015. Prior to this 75 TRA had been issued in 2014. A programme of physical remedial works followed the completion and issue of the TRA.

9.5 Progress has recently been accelerated for the remedial works as the actions are greater in number than originally estimated. An action plan is now in place for the completion of remedial work to address outstanding actions identified on TRA's by the end of the calendar year.

9.6 The Corporate Estate has addressed any instances where on-site management processes and procedures have required attention to ensure compliance with the required standards. This has been done through additional training and awareness. There is further work to be done to support schools in their responsibilities for local management.

9.7 A Legionella Status Report and Action plan has been prepared by The Director of Culture, Communities and Business Services to inform the County Councils Corporate Management Team (CMT) on Legionella Management. An additional funding allocation of £200,000 has been approved by cabinet to conclude the additional physical remedial works on the Corporate Estate.

## 10. Conclusions

10.1 Although there have been some additional challenges and greater scope related to the Management of Legionella progress continues to be positive through focussed management action and capital investment according to the rank order of the assessed Property risks.

10.2 The annual review continues to provide robust assurance and demonstrates that risk management continues to be effective in all key areas of Property Services business. The departments approach to integrated risk management and performance reporting continues to deliver further positive and sustained improvement in risk management and allows the department to respond quickly and appropriately to any significant changes.

## 11. Recommendations

That the Panel notes:

a) The robust approach that the County Council takes to the management of risks associated with the built estate.
b) That financial resource is directed to the highest priorities and most significant liabilities.
c) That management controls are maintained to a high standard and reviewed on a periodic basis.

## CORPORATE OR LEGAL INFORMATION:

### Links to the Corporate Strategy

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| **Hampshire safer and more secure for all:** | Yes |
| Corporate Improvement plan link number (if appropriate): | |
| **Maximising well-being:** | No |
| 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.)**

| <u>Document</u> | <u>Location</u> |
|---|---|
| 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 disproportionally low.

### 1.2 Equalities Impact Assessment:

An equality impact assessment has been considered in the development of this report and no adverse impact has been identified.

### 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 crime prevention. Some of the programmes support the strategy for crime and disorder to include arson reduction, modifications to buildings to reduce vandalism etc.

### 3. Climate Change:

3.1. Some of the programmes replace buildings fixtures which are more efficient and reduce energy consumption e.g. replacing out of date light fittings in buildings.

Hampshire County Council

| Property Services Risk Register (CRA) 2016-2017 | | | | |
|---|---|---|---|---|
| **No** | **Name** | **Level of Risk** | **Description of Risk** | **Performance Level** |
| 1. | Condition of Building Fabric including Vandalism – non Education | HIGH | This risk is associated with the failure to keep operational buildings open and safe for business as a result of the condition where Hampshire County Council is the landlord/owner of the building and/or where Property Services are acting as an agent for a 3rd party and are discharging the duty set down under a contract or SLA | Although this risk has many challenges there are a number of ongoing controls that are consistently in place to support the mitigation of this risk. Capital and revenue funding pressures continue. Further actions have been identified to further control the risk. These include Asset Management roles and responsibilities within the Corporate Estate. Further work is underway to consider flood mitigation and improvement measures. A review of the estate Asset Management Plan position and a review on the position with Fragile roofs.<br>Performance level: High |
| 2. | Fire including Arson Prevention | HIGH | This risk is associated with the need to consider the risk and liability for injury to persons or damage to property as a result of fire and arson. This includes:-<br><br>1. Landlord Responsibilities<br>2. Contractual duties to 3rd parties i.e. SLA to schools, Joint Working Agreement (JWA) to Academies, Museums Trust etc. | A wide range of controls remain in place and provide a good level of mitigation. A strategy for arson reduction continues to be in place and is reducing the risks in schools.<br>Further communication is planned to ensure corporate and management engagement so that service departments are clear on their roles and responsibilities as set out in the corporate policy<br>Performance level: High |
| 3. | Management of Asbestos | MEDIUM | This risk covers the management of Asbestos Containing Materials (ACM) within all County Council buildings through a comprehensive survey | All of the identified controls remain in place. There is still work in relation to updating corporate procedure for Asbestos Management. Publication of the procedure is due in the Autumn of 2016. |

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| | | | programme; holding a database of identified materials and publication of an annual asbestos register for every site. Many of the County Council's buildings have ACM present requiring comprehensive survey and planning before undertaking any invasive work such as refurbishment. | Additional controls identified for 2016/2017 include asbestos management software updates to reduce resilience risks and to improve web access to asbestos data.<br>There is currently a focus on opening up before planned refurbishment work and demolition to minimise disruption to construction projects and to the risk of asbestos disturbance.<br>Performance level: High |
| 4. | Management of Legionella | MEDIUM | To minimise the risk of Legionella colonisation and distribution in domestic water and open systems. | Improvement plan being actively progressed. Some actions related to remedial works has taken longer due to increased scope. Additional controls are set out in the Legionella improvement plan and status report with an additional programme of work underway for phase 2. Work to ‘hard to reach’ installations planned and being actioned.<br>Performance level: Medium |
| 5. | Condition of Building Fabric including Vandalism – Education | MEDIUM | This risk is associated to the failure to keep operational buildings open and safe for business as a result of their condition where Hampshire County Council is the landlord/owner of the building and/or where Property Services are acting as an agent for a 3rd party and are discharging the duty set down under a contract or SLA. | Further actions have been identified for 2016/2017 that include a review of Fragile roofs, a review and clarity of duties relating to schools not currently buying the Property SLA and further work on prevention of and/or minimising disruption due to flooding.<br>Performance level: High |
| 6. | Grounds Management (control of trees and pesticides) | MEDIUM | This risk relates to the injury that may occur from trees either in part or full failure resulting in collapse due to disease, age, fungal attack or storm. It | There are a number of well established controls in place that ensure full compliance with statutory requirements. Good procedures and process in place for all areas and established monitoring takes place. |

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| | | | also considers injury caused from poor grounds management and ill health as a result of inappropriate pesticides being used. This applies to sites managed by Property Services. | Performance level: High |
| 7. | Management of automatic doors, powered gates, powered roller shutters and barrier | MEDIUM | This risk covers injury to persons from automatic and powered gates, roller shutters and barrier failure due to lack of maintenance or design shortcomings. | Adequate controls have remained in place. Work is currently being undertaken to investigate roller shutters across the schools estate to further enhance the management of risk.<br>Performance level: High |
| 8. | Management of Mechanical Engineering Services | MEDIUM | The Mechanical Risk covers the failure of mechanical engineering plant and equipment typically located within plant rooms, but also distributed through buildings. | Additional improvement work has been identified in addition to the robust controls. These include Improvement in plant records, changes to the term maintenance contract. Technical reviews and survey development of specific risk assessments for oil tanks.<br>Performance level: High |
| 9. | Management of construction activities. (Property Services) | MEDIUM | This risk covers the failure to manage building construction activity. This includes the management of quality assurance processes related to the provision of construction activity and information. | Changes to process, procedures and monitoring following any change to legislation this has resulted in a new corporate procedure for Site Safety Management. Further work is planned with service departments.<br>Performance level: High |
| 10. | Pollution and Water Contaminated Land | MEDIUM | This risk covers the uncontrolled release of pollutants or the mismanagement of contaminated land by previous owners. Principal risks relate to oil leaks and spillage in the estate. | This risk continues to be well managed.<br>Performance level: High |
| 11. | Window and Glazing Safety | MEDIUM | A risk of significant injury to people or a failure to keep an operational building safe or open due to failure of the glass or | A number of improved controls are now in place. Further work is required to complete surveys in the Corporate Estate. |

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| | | | windows/doors in building. Property Services role in this area of risk is limited to the provision of information and technical advice including condition information repairs and maintenance. It includes production of condition surveys and installing remedial works. | Performance level: High |
| 12. | Preventing Structural Collapse and Temporary Buildings | MEDIUM | The built estate has approximately 5500 permanent buildings and 150 temporary buildings. A regular inspection programme of all buildings is undertaken based on risk profile to ensure that all buildings, permanent or temporary, are structurally sound. | Further work is to review risks for individual buildings on County Farm sites. A new programme of inspections is currently being formulated.<br>Performance level: High |
| 13. | Management of Hot Surface and Water Injury | LOW | Risk covers injury to a person associated with contact with a hot surface relating to heating or hot water systems. | A corporate policy update is planned and this is linked to the Legionella improvements plan.<br>Performance level: High |
| 14. | Swimming Pool Plant Failure | LOW | This hazard covers electric shock, the danger from pool chemicals, and mechanical failure of pool pipe work, filters and/or associated systems. | The risk continues to be well managed.<br>Performance level: High |
| 15. | Lift | LOW | This risk covers passenger and goods lifts and plant which are generally located in dedicated lift rooms and any risk of injury to persons. | There is regular monitoring of ongoing controls to ensure the risk remains low. Further work is required to identify high risks including public accessed areas, libraries, museums and schools where pupils are unescorted. This risk continues to be well managed.<br>Performance level: High |
| 16. | Electrical Services Failure | LOW | This risk covers any loss or damage associated with electric shock or short | This risk continues to be well managed.<br>Performance level: High |

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| | | | circuit in the built estate associated with the fixed installation and equipment. | |
| 17. | High Level Access(for maintenance of plant or building components) | LOW | This describes the risk of injury by contractors or site staff required to access plant and parts of buildings. | Work is being carried out for high level access following recent incident on site. An assessment of training and advice is underway.<br>Performance level: Medium |
| 18. | Carbon management and Sustainability Framework | LOW | This risk covers the role the department has in the management of the Carbon and the Sustainability Framework. | This risk continues to be well managed.<br>Performance level: High |