

HAMPSHIRE COUNTY COUNCIL

Committee/ Panel:	Buildings, Land and Procurement Panel
Date of Decision:	5 July 2011
Decision Title:	Strategic Asset Management – Risk Management 2011/12
Decision Reference:	2925
Report From:	Director of Culture, Communities and Business Services

Contact name: Jacqui Reeve

Tel: 07736792993 **Email:** jacqui.reeve@hants.gov.uk

1. Executive Summary

- 1.1. The purpose of this report is to set out the current Risk Management Strategy for the Built Estate, in order to ensure that investment decisions are based on a strategic Risk Assessment approach.
- 1.2. This report seeks to:
 - identify health and safety priorities for 2011/12 through the strategic risk management framework
 - propose that resources are directed to the highest and most significant liabilities across the built estate
 - confirm performance over the past 9 months and summarises the planned actions and resources required for continuous improvement
 - provide an update on key strategic asset risks.
- 1.3. Further contextual information can be found in a separate detailed report on the Strategic Asset Management Strategy and Asset Management Plan located elsewhere on this agenda.

2. Resources Allocation

- 2.1. The Revenue and Capital Repairs budget allocation for 2011/12 will contribute to the delivery of the Strategic Asset Management Plan considered by the Panel in May 2011. Prioritising the budget ensures improvements to County Council properties and provide better, safer and more sustainable buildings to benefit all building users. Dedicated Schools Grant (DSG) funding may only be spent on work to school buildings and the level of this funding means considerably more resources are available to address risks in the schools estate than the non-schools estate.

- 2.2. Table 1 sets out the revised allocations for 2011/12 and includes amounts carried forward from 2010/11 although formal approval for the level of carry forward of £2.332 million on the non-schools estate will be confirmed as part of the final accounts process and Schools' Forum will consider the request to carry forward £2.332 million from 2010/11 at its meeting on 12 July 2011. It represents the optimum position to enable compliance with statutory inspections balanced against essential maintenance programmes. It remains a challenge to deliver steady improvement programmes for the highest risks whilst continuing to manage and maintain performance in other lower risks. The total level of spend over the past five years is illustrated in Appendix 1a and Appendix 3 sets out the planned programme of actions for implementation in 2011/12.

Fees excluded	Expenditure	Budget
	2010/11	2011/12
	£'000	£'000
Condition of Building Fabric	6,177	8,006.25
Mechanical Services Management	2,334	1,842.86
Fire Management including Arson	1,104	767.86
Electrical Services Management	958	1,270.54
Management and Removal of Asbestos	769	1,006.25
Preventing Structural Risk	228	255.36
High Level Access to Plant	37	101.79
Other CRA Priorities	591	1,047.32
CRA Contingency		266.07
	12,198	14,564.29

3. Risk Management Strategy 2010/11

- 3.1. The current strategic risk assessment and performance framework for the Built Estate for 2010/11 is attached at Appendix 2, with a commentary on each risk. The corporate programme requires the risk assessments to be subject to annual review in July/August each year. The departmental strategic risk register is funded largely by resources available during the financial year 2011/12.
- 3.2. In 2010/11, sixteen strategic risks were ranked with a detailed assessment and management programme, two high risks are at amber performance (Condition of building fabric including vandalism- non educational sector and Fire Management including Arson). The remaining risks include twelve at medium risk level and two at low and all have green performance. Key actions resourced and completed during 2010/11 are summarised in

Appendix 3, along with the proposed programme of risk improvements for approval in 2011/12.

4. Condition of Building Fabric – Non Education

- 4.1. Condition of building fabric for non education buildings remains as the highest risk for Culture, Communities and Business Services. The performance on this risk is at 'amber' primarily due to the lower levels of intelligence about the Estate and lower levels of funding available compared to the Education Estate.
- 4.2. Funding has been confirmed as £829,000 for 2011 / 12 financial year. This represents a fall of £271,000 or 24% of the budget against the previous year. This is due to ongoing reductions in revenue budgets, reflecting corporate savings targets and procurement efficiency savings. This lower allocation increased the gap between the Condition of Building Fabric for Education buildings and the rest of the Estate.
- 4.3. Metal theft is becoming an increasing problem across the estate, both in terms of replacing the stolen lead and the consequential damage. Costs to date this year are approximately £220,000 in the current financial year. The revenue maintenance team are developing a strategy and forming links with the Community Safety team and the Police to combat this. Recent discussions with Hampshire Police Crime reduction team should help to provide ideas to reduce vandalism and especially the costs associated with metal theft.
- 4.4. Property Services have recently been replacing lead with a low value alternative material with equivalent performance characteristics, which is proving to be successful in reducing further repeat thefts.

5. Fire Safety Strategy

- 5.1. The performance on this risk remains at 'Amber' primarily due to the amount of work identified as being required on the Estate. This has to be understood in the context of the positive and significant investment over the last 5 to 10 years and the robust management controls in place.
- 5.2. There remains a risk of an incident related to fire due to the age, range use and local management of buildings, many of which do not meet current benchmark standards. The Director of CCBS works closely with local managers, Departments and Hampshire Fire and Rescue Service to mitigate these risks and support the application of best practice throughout the Estate.
- 5.3. In addition, following the withdrawal of New Deal for Schools funding, as well as Building Schools for the Future and the Primary Capital Programme, it is essential that risks are managed effectively and that robust procedures for targeting resources to the highest priority areas are in place. The continuing levels of Education Capital from Government in 2011/12 will help to maintain good progress in this area.

6. Condition of Building Fabric - Education

- 6.1. Condition of building fabric including vandalism is currently the third highest risk in the estate. The performance on this risk is at 'green' primarily due to the amount of intelligence about the Estate, the significant investment in the sector over the last 10 to 15 years and the management controls in place. The risk of an incident relating to building condition remains, largely due to the level of repairing liability within the estate at some £320 million (from Asset Management Plan condition survey data across all schools) for a 5 year period. The Director of Culture, Communities and Business Services has robust monitoring and communication channels that ensure any incidents are responded to quickly and to a high standard.
- 6.2. Lead thefts are also a current problem for the Education Estate as reported at point 4.3.

7. Asbestos Inspection Programme

- 7.1. Asbestos management is ranked fourth on the Property Services Strategic Risk Register as a medium risk with a green performance rating for 2010/11. It is managed by a robust survey programme to minimise uncontrolled asbestos disturbance. To comply with the Control of Asbestos Regulations (CAR) 2006, the County Council commissioned a survey programme to improve the accuracy of asbestos registers in April 2006, which is expected to be completed in 2012. This contract represents good value for money and helps manage asbestos efficiently within the allocated budget.
- 7.2. To meet legal requirements, the County Council has committed to formally re-inspecting asbestos materials (including checks of columns following the Health and Safety Executive's advice on system buildings) on a periodic basis using contractors specially trained for the purpose. A risk based programme has been adopted to inspect high risk materials annually, and lower risk materials on a biennial basis. Despite the excellent controls in place, there are still a very small number of asbestos disturbances annually that are investigated and resolved to eliminate health risks for contractors and building users. The number of disturbances are reducing year-on-year as management controls continue to take effect.

8. Conclusions

- 8.1. Continuous progress is being achieved through focused management action and capital investment according to the rank order to implement the published improvement agenda. Strategic risks are monitored twice a year to quantify the level of risk retained by the County Council and to provide information about resources required to manage each risk. The annual risk review provides clear evidence that risk management is being effective in all areas and leading to positive and sustained improvement in risk handling.

9. Recommendation

9.1 That the Panel advises the Executive Member for Policy and Resources that:

- a) The implementation plan for the Property Services Strategic Risk Register for 2010/11, as set out in table 2 and described in Appendix 3b entitled 'Summary of planned actions for implementation in 2011/12', be approved.

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

Hampshire safer and more secure for all:	Yes
Corporate Business plan link number (if appropriate):	
Maximising well-being:	No
Corporate Business plan link number (if appropriate):	
Enhancing our quality of place:	Yes
Corporate Business 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:

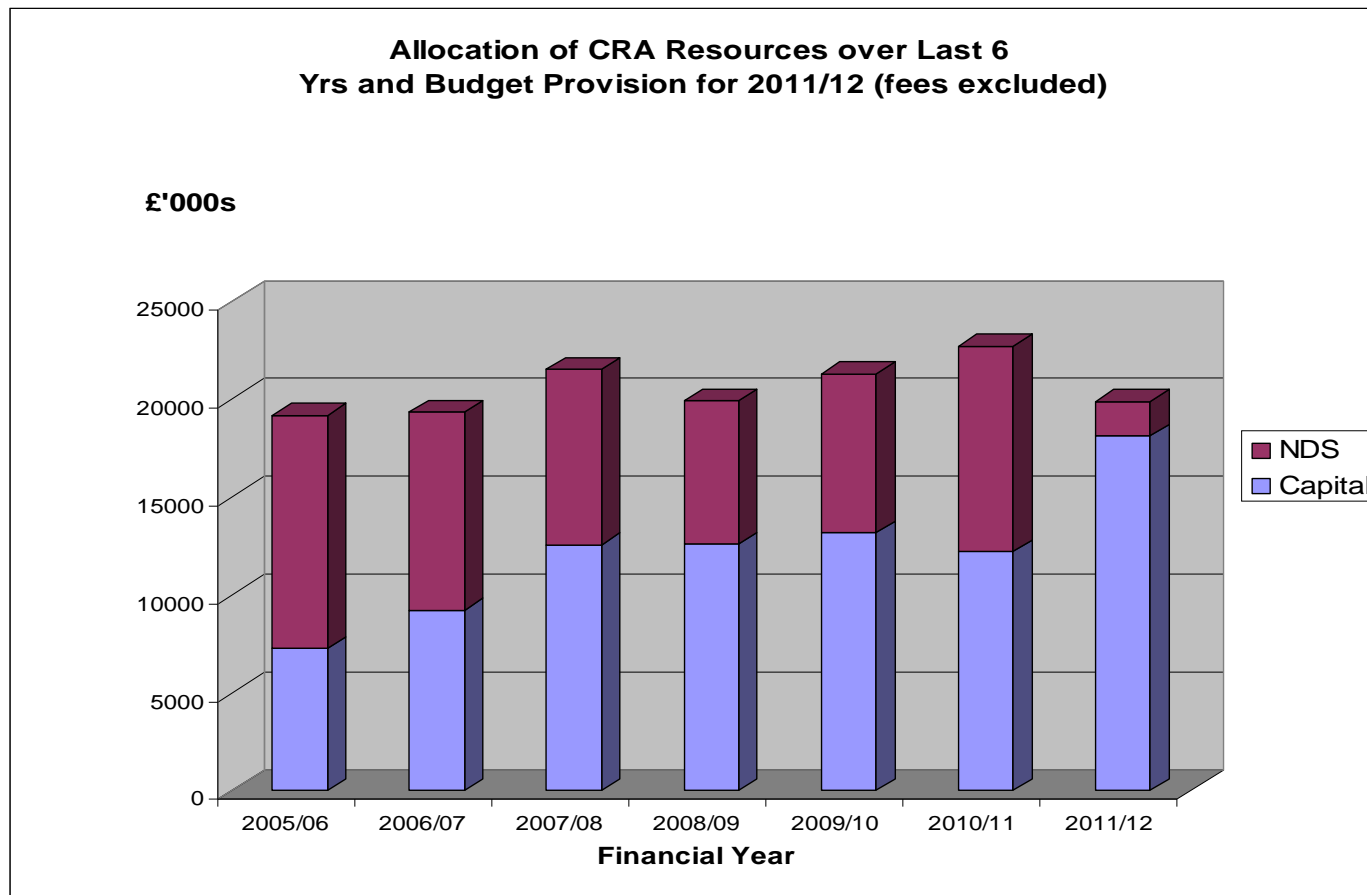
- 1.1. An equalities impact assessment has been considered in the development of this report and no adverse impact has been identified.

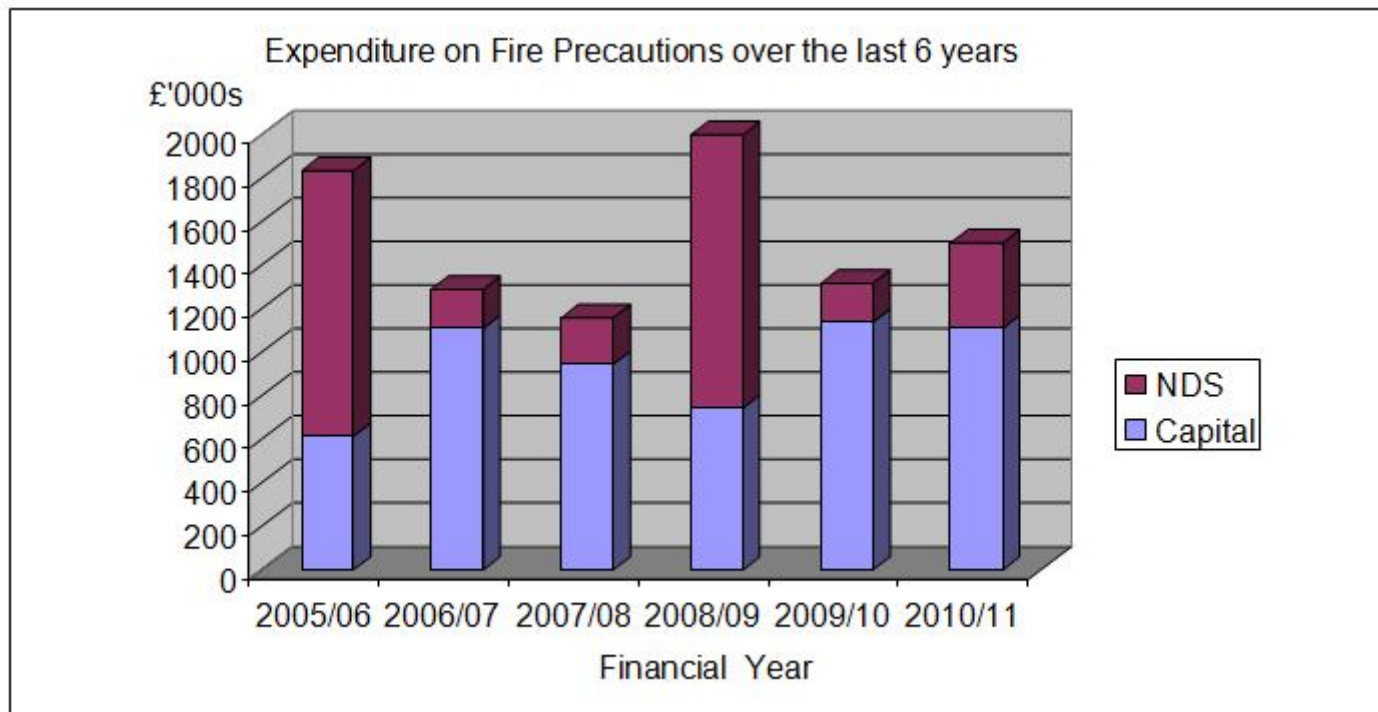
2. Impact on Crime and Disorder:

- 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 and modifications to buildings to reduce vandalism.

3. Climate Change:

- 3.1. Some of the programmes replace buildings fixtures, which are more efficient and reduce energy consumption, for example the re-lamping of buildings. The department also has a Sustainability/Climate Change Board that is directing resources, and a new strategic risk has been added to join up activity across both agendas.





Property Services Strategic Risk Register 2010/11

Summary of Eleven highest risks WITH controls in rank order showing current performance using a traffic light colour coding

Level of risk	Risk Title	Risk description	Traffic light to illustrate performance
High	Condition of building fabric including vandalism - non educational	Since there are a broad range of non educational buildings in terms of age and construction, this risk associated with condition is defined as the state of repair of all components including fabric, plant and services and the risk of failure of components. Condition surveys are completed every five years and annual management partnership meetings are undertaken to prioritise repair and maintenance programmes.	Amber
High	Fire including arson	Fire and arson remains a high risk. Irrespective of the cause, malicious or otherwise, fires can present a significant business or community loss causing serious damage to buildings including schools, offices, public buildings and day centres. The estate is categorised into risk groups and subject to a comprehensive survey and joint inspection programme with the Hampshire Fire and Rescue Service (HFRS). The Fire Safety Manual has been reviewed and reissued to comply with the Regulatory Reform (Fire Safety) Order 2005. A strategy for arson reduction is in place and appears to be reducing the risks in schools.	Amber
Medium	Condition of building fabric including vandalism - education.	The risk associated with condition of education buildings describes the state of repair of all components including fabric, plant and services and the risk of failure of components. There are a number of ways in which the County Council addresses these matters including; a condition survey programme, a helpdesk to provide reactive response, revised security contracts and annual management partnership meetings. Capital Repairs and New Deal for Schools (NDS) funding has benefited schools over the past 5 years increasing the quality of the buildings and reducing liability compared to non-education stock identified as a separate risk in this register.	Green
Medium	Asbestos management	This risk covers the management of asbestos containing materials (ACM) within all County Council buildings through a comprehensive survey programme, database of identified materials and publication of an annual asbestos register for every site.	Green

		Guidance, instruction and training has been developed and updated for property services staff, building users and monitored contractor performance. ACM's were used in construction until 1999 following the introduction of legislation. This means that the majority of the County Council's buildings have asbestos material requiring comprehensive survey and planning before undertaking invasive work such as refurbishment.	
Medium	Mechanical engineering service failures	This risk covers mechanical engineering plant such as gas appliances, pressurised systems and ventilation systems associated with building services. Mechanical engineering plant is usually located within dedicated plant rooms or kitchens and have the potential for fire or explosion associated with failures. This risk also includes bottled gases, school teaching equipment, welding equipment and expansion vessels. Regular servicing via term contractors and inspection and testing are completed and recorded within a database which also records replacement of safety valves etc. The County Council has a written scheme of examination delivered by competent staff and this is monitored through quarterly meetings and monitoring of risk assessments	Green
Medium	Electrical services failure	This risk covers any loss or damage associated with electric shock or short circuit in the built estate associated with the fixed installation and equipment in all County Council premises and sites. Term contracts are in place for day to day maintenance and a five yearly or less inspection and testing regime completed by specialist contractors with high risk properties requiring more frequent inspections. An in-house database and management system record T&I inspections and are updated regularly with quarterly reports discussed at Engineering meetings. If the failure affects the servers or IT2000 computer system there is a risk that the reputation of the County Council will be compromised with some business continuity impact and minimal environmental impacts.	Green
Medium	Detection of Legionella	This risk covers the growth of Legionella bacteria with the potential to cause ill health and infection in building users. Hot and cold water systems in the majority of our buildings predate modern design standards. Risk premises also include residential homes, schools and any building with shower facilities. Key to the management regime is the local management control of hot and cold water systems, i.e. flushing of outlets and recording water temperatures.	Green
Medium	Glazing and	This risk covers all glazing in every building in the built estate. It covers opening	Green

	window safety	windows, maintenance, lack of protection and suitability for use. The built estate comprises 1000 sites and around 7000 buildings which includes thousands of window and glazed areas. Typical risks include a fall from height where window opening is unrestricted, glass breaking due to impact and falling on someone causing injury. Persons at risk include the very young, school children, the elderly, unsupervised members of the public. cleaning staff and contractors.	
Medium	Failure to manage contractors and supply chain.	This risk essentially describes contractor poor performance which gives rise to an incident or accident where the County Council is the Client or client agent. The register of contractors lists 120 general builders and 200 specialist trades. Property Services manages approximately 80 capital schemes (greater than £75,000) each year and numerous (up to 30,000) smaller projects costing up to £75,000 and small works orders. The construction related expenditure is £120 million per annum, excluding fees, on new buildings and maintenance of the existing estate. A small proportion of building maintenance work and repairs is instructed directly by the building users, often without consultation with Property Services and these activities are specifically excluded from this assessment as they are outside the executive responsibility and control of the department.	Green
Medium	Higher level access for maintenance to plant and buildings.	This describes the risk of personal injury or fatality by contractors or site staff required to access plant and parts of buildings. This requires contractors staff etc to set controls, or carry out repairs, maintenance or servicing. Other people at risk are trespassers who may attempt to access plant rooms if there are no access arrangements in place. Access to plant, lift rooms, water towers, roofs, staircases, balconies and balustrades where access is provided e.g. ladders to water towers. This risk also covers working in close proximity to drops where such equipment would be used when carrying out basic maintenance tasks and the arrangements for the certification and inspection of fall arrest systems, and eyebolts for restraint attachment.	Green
Medium	Structural collapse and temporary buildings.	The built estate has approximately 7000 permanent buildings and 121 temporary buildings recorded within the County Building Record across several thousand sites. (It is considered that the existing hired temporary buildings remain the responsibility of the hirer). Building acquisitions and disposals occur continually, which creates particular challenges in managing the risk across the built estate.	Green

Property Services Strategic Risk Programmes 2010/11 and 2011/12

Table 1: Summary of Eleven highest risks confirming achievements during 2010/11

Risk Title	Achievements or key actions completed in 2010/11
Condition of building fabric including vandalism - non educational	<ul style="list-style-type: none"> • Deliver of the landlords capital programme works • Prioritisation and reporting of the 2011 / 12 landlords capital programme
Fire including arson	<ul style="list-style-type: none"> • The Capital Landlord's Corporate Risk Assessment and NDS for 2010/11 includes reduced although significant spending to support improvements to fire precautions which reduces the amount of risk by improving fire alarm and structural fire precaution measures.
Condition of building fabric including vandalism - education.	<ul style="list-style-type: none"> • NDS funding fully spent to achieve maximum grant claim, 2010 / 11 landlords capital programme substantially complete. 2011 /12 programme agreed and reported to the Buildings, Land and Procurement Panel • Combined Asset Management Plan/ Structural surveys undertaken on secondary schools • Closer links fostered with Police crime prevention officers to deal with vandalism, metal theft and arson reduction
Asbestos management	<ul style="list-style-type: none"> • Asbestos awareness continues to improve on County Council sites through training presentations and initiatives targeting site staff and contractors working on our behalf • Asbestos survey reports have been developed and now include photographs, improved project - specific information and plans • Average asbestos survey reporting times for 2010/11 have reduced to 7 days following completion of site work
Mechanical engineering service failures	<ul style="list-style-type: none"> • For the Liquid Petroleum Gas upgrade programme, upgrade works for installations at 12 sites undertaken and completed • For the oil tank upgrade programme, upgrade works for installations at 11 sites undertaken and completed • On pressure safety, 131 pressure relief valves replaced, and strategy for future works developed further.

Electrical services failure	<ul style="list-style-type: none"> • The programme for 2010 has been included in the Framework Contract currently on site. The 2011 work will follow on completion of the 2010 programme. This is being carried out by SEC Ltd. • The backlog of outstanding testing that had accumulated due to poor contractor performance will have been cleared by August 2011. • A web hosted data base Testing & Inspection (T&I) Management System has been put in place. This now allows much tighter control of the management of T&I in the auditing of the contract and the management of the subsequent remedials.
Detection of Legionella	<ul style="list-style-type: none"> • Risk assessments at special schools were completed. • Sample audits of Adult Services premises were carried out. • Three specialist contractors were selected to work in contract areas A, B and C.
Glazing and window safety	<ul style="list-style-type: none"> • Programme of fail safe devices installed to SCOLA 2 Windows - completed 2010. • Production of specification and programme to repair hinges to SCOLA 2 windows linked to external redecoration programme (Note the above ensures that if they fail, they do so safely. The latter returns as many as possible to full working condition). • Pilot for testing of Safety film on three schools completed successfully.
Failure to manage contractors and supply chain.	<ul style="list-style-type: none"> • Training specific to staff to understand Health and Safety on sites and contractors responsibilities, a purpose designed course was developed in conjunction with the Hampshire Learning Centre and accredited by the Institution of Occupational Safety and Health (IOSH). • The Contractors forum was a success again this year with a headline of "Behavioural Safety" it has shifted the focus to embedding positive cultures within the organisation • Training procurement staff to develop sustainable ways of measuring competence in line with the Construction Design Management - Approved Code of Practice (CDM ACoP) and Publicly Available Specification (PAS) 91 has also helped reduce risk by raising awareness and levels of compliance.
Higher level access for maintenance to plant and buildings.	<ul style="list-style-type: none"> • During 2010, all known eyebolts and fall arrest systems that are the County Council's responsibility have been added to the Zurich schedule of inspections and have been inspected. • The County Council's asset and servicing database Presco was modified to enable the recording of all eyebolts and fall arrest systems. The database has now been updated with all known assets and will continue to be used to capture and record this equipment. • During 2010/11, 13 projects totalling £90,500 were identified and ordered. Some of these projects have been completed with the majority of the remainder being progressed and are expected to be completed by end of August 2011.

Structural collapse and temporary buildings.	<ul style="list-style-type: none"> All secondary schools have now had Asset Management Plan inspections In-house engineers also undertook structural inspections of their required units in the same secondary schools, which were complete by end of May 2011. The data is being stored electronically.
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Table 2: Summary of planned actions for implementation in 2011/12

Risk Title	<ul style="list-style-type: none"> Key actions proposed for 2011/12
Condition of building fabric including vandalism - non educational	<ul style="list-style-type: none"> Delivery of the 2011/12 landlords capital and capital maintenance programme Development of a life-cycle cost model to better understand liabilities in the estate and to inform future years capital investment Continue to develop links with the police, particularly around metal theft including a joint strategy for metal theft reduction
Fire including arson	<ul style="list-style-type: none"> Delivery of programme for 2010/2011 ongoing Delivery of agreed programme in Autumn 2010 for Joint Fire Precautions surveys in conjunction with HFRS – Phase 7 are all now completed with no formal enforcement by HFRS. Carry out audit of and deliver training to support the Facilities Management Team in delivering Fire Safety Management.
Condition of building fabric including vandalism - education.	<ul style="list-style-type: none"> Delivery of the 2011/12 landlords capital and capital maintenance programme Development of a life-cycle cost model to better understand liabilities in the estate and to inform future years capital investment Continue to develop links with the police, particularly around metal theft including a joint strategy for metal theft reduction
Asbestos management	<ul style="list-style-type: none"> Development of asbestos registers to enhance ease of use on site Continuing to promote creativity and innovation to make better use of available resources Working to increase the percentage of asbestos work conducted for external clients through shared services

Mechanical engineering service failures	<ul style="list-style-type: none"> • Carbon Monoxide alarms installations in domestic type residential properties being completed • Continue with oil tank & LPG installation upgrade programme • Continue with pressure safety/pressure relief valve programme works
Electrical services failure	<ul style="list-style-type: none"> • Another framework will be required for the 2012 testing programme. Work on this tender will begin at the end of 2011. • Improve in-house management systems to ensure satisfactory testing and reporting.
Detection of Legionella	<ul style="list-style-type: none"> • Legionella risk assessments will be delivered to special schools. • Risk assessments at high risk adult services premises will be carried out. • Risk assessments at Adult Services, Older Persons Homes and EPH's will be completed.
Glazing and window safety	<ul style="list-style-type: none"> • Complete and deploy Corporate strategy for the management of Safety Film (giving advice to occupiers on how to manage, when to replace etc). • Agreeing the above with the Central Health and Safety team and updating the online Managers Guild to Window Safety to include the window film advice. • Deployment of 'year 1' hinge repairs to SCOLA 2 windows
Failure to manage contractors and supply chain.	<ul style="list-style-type: none"> • Align County Council with others in the construction industry by investigating the value of Safety Schemes in Procurement (SSIP). • Improvement to Technical review system • Introduction of Technical services intranet pages
Higher level access for maintenance to plant and buildings.	<ul style="list-style-type: none"> • Prioritise, allocate and procure improvement projects in accordance with allocated budget to reduce residual risks. • Modify Engineering procedures / plant change forms to enable the capture and reporting by the relevant Project officer of the addition or removal of any access equipment. • Include article in Property Matters to ask sites to check and advise of any installed access equipment.
Structural collapse and temporary buildings.	<ul style="list-style-type: none"> • The current re-inspection periods will generally remain at 5 years. • The SCOLA wall tie replacement programme has not been completed due to the contractor going into administration. Tenders have been sought for an alternative installer and the remaining two sites are planned to be complete within the next six months.