

HAMPSHIRE COUNTY COUNCIL

Committee/ Panel:	Buildings, Land and Procurement Panel
Date of Decision:	12 October 2010
Decision Title:	Strategic Asset Management - Risk Management
Decision Reference:	1716 (linked to 1425)
Report From:	Director of Property, Business and Regulatory Services

Contact name: Steve Clow

Tel: 01962 8467858 **Email:** Steve.clow@hants.gov.uk

1. Executive Summary

1.1. This report is closely related to the previous item on the agenda which updates the Panel on progress towards the new Strategic Asset Management Plan which consolidates the various asset management arrangements of the County Council. The Risk Management Strategy for the built estate is one element of the new plan.

1.2. This is an annual report setting out the Risk Management Strategy for the Built Estate, to ensure that Landlord investment decisions are based on a strategic risk assessment approach. This report:

- identifies health and safety priorities for 2010/11 through the strategic risk management framework
- proposes that resources are directed to the highest and most significant liabilities across the built estate
- confirms performance over the past 12 months and summarises the planned actions and resources required for continuous improvement, and
- provides an update on key strategic risks.

2. Contextual information

2.1. Risk Management Strategy for the Built Estate

The Panel reviews the Risk Management Strategy for the built estate annually to ensure that resources are directed at the highest and most significant risks with assurance that the buildings remain safe to occupy.

2.2. Resource Allocation

The strategic risk profile informs the allocation of resources from the landlord's repairs and maintenance budgets and New Deal for School (NDS) Condition funding. Over the last five years, members have agreed to direct the majority of funding towards the highest priorities relating principally to fire, condition of building fabric, asbestos, structural collapse, electrical safety and

asbestos. The total level of spend over the past five years is illustrated in Appendix 1 while Appendix 3 sets out the planned programme of actions for implementation in 2010/11. It should be noted that NDS funding comes to an end in August 2011 and following the draw forward of NDS funds from 2010/11 into 2009/10 means that the programme is currently very limited.

- 2.3. Table 1 below sets out the revised allocations for 2010/11 (excluding fees) and includes amounts carried forward from 2009/10.

Table 1 – Capital Budget

Risk heading	Capital Budget 2010/11 <i>£000 fees excluded</i>
Fire including arson	1259
Condition of building fabric Education & Non Education	8311
Asbestos Management [#]	950
Electrical Services Failure	1468
Higher level access for maintenance	91
Swimming pool plant failure	68
Mechanical Engineering Failure	2209
Detection of legionella	100
Glazing and window safety	100
Structural Collapse	305
Other CRA Priorities	613
Total	15,471

[#] Asbestos Management includes £474k for re-inspection and resurvey and £476k for asbestos disturbance

- 2.4. The Revenue and Capital Repairs budget allocation for 2010/11 will deliver the Strategic Asset Management Plan considered by the Panel in May 2010. Prioritising the budget ensures improvements to County Council properties and provides better, safer and more sustainable buildings to benefit all building users. With the Dedicated School Grant rules, investment is heavily focused on the school estate presenting an imbalance in the non-schools estate where reactive maintenance strategies prevail. Further detail of the funding imbalance is provided in section 5 of this report.
- 2.5. Table 1 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.

3. Risk Management Strategy 2009/10

- 3.1. The strategic risk assessment and performance framework for the Built Estate for 2009/10 is attached at Appendix 2, with a commentary on each risk. The corporate programme requires the risk assessment to be subject to annual review in July/August each year. The current strategic risk register is dated 2009/10 and is funded largely by resources available during the financial year 2010/11.
- 3.2. Sixteen strategic risks are ranked with a detailed assessment and management programme. Risk headings have changed little since 1998 when they were first developed, with Fire and Condition of Building Fabric (Non Education) remaining as the top strategic risks. However with an estimated investment of £100 million over the past decade, some risks have been successfully managed through investment programmes reducing them from high to low. Of the sixteen strategic risks, there are fourteen green and two amber performance ratings illustrating that the risk management programmes are achieving positive outcomes, with sustained improvement year on year. Key actions resourced and completed during 2009/10 are summarised in Appendix 3 along with the proposed programme of risk improvements for approval in 2010/11.
- 3.3 Hampshire has a considerable number of system built schools constructed in the 1960s to mid 1970s. Typically they are steel-framed flat-roofed clad buildings, containing asbestos materials and known to have poor fire separation due to the lack of fire breaks within the roof voids and wall cavities. There are several types of system buildings as listed below:
- **ROSLA** (*Raising School Leaving Age*) buildings were delivered to schools as self assembly packs and not designed for long-term use, although many still exist in Hampshire.
 - **CLASP** (*Consortium of Local Authorities Special Programme*) buildings were designed for education use, which included primary and secondary schools.
 - **SCOLA** (*Second Consortium of Local Authorities*) buildings are similar to CLASP in construction. 40% of schools in Hampshire are of SCOLA construction which represents 25% of national total - Hampshire has 449 SCOLA buildings. SCOLA buildings have timber clad external elevations and an expected lifespan 25 years. Typical risks are the asbestos panels require high levels of maintenance and fire precautions do not meet modern standards.

These buildings provide significant liabilities in the built estate providing risks associated with fire, asbestos and condition that are being managed through the Strategic Asset Management Strategy.

4. Fire Safety Strategy

- 4.1 Fire and arson remains the highest strategic risk particularly in residential buildings occupied by vulnerable residents such as older persons homes. The estate has been categorised into risk groups and is subject to a joint auditing regime with Hampshire Fire and Rescue (HFRS). A risk profile has been prepared across the major risk categories, informed by site specific detailed fire precaution surveys to determine the annual investment priorities as summarised in Appendix 3.
- 4.2 Over 50 joint audits were completed to the County Council's highest risk premises in 2009/10. This pro-active partnership approach has reduced formal enforcement by Hampshire Fire and Rescue Service (HFRS) from a peak of 21 in 2006/07 to only 2 in 2009/10.
- 4.3 Automatic fire alarm systems have been installed across the 10 highest risk multi-storey Primary schools, representing an investment of £250,000. A further £250,000 worth of structural fire precaution has addressed the highest priorities in the Special School estate; initially targeting the multi-storey sites.
- 4.4 In 2009/10 there was also investment of over £900,000 on addressing issues identified at Fire Safety Audits to 34 three storey buildings and 12 single staircase ROSLA blocks on Secondary schools sites, including £100,000 contribution from Children's Services and over £100,000 contribution from schools.
- 4.5 It is also worth noting that £50,000 has been invested in 10 Public Buildings where fire audits identified areas for improvement.
- 4.6 Further investment is planned in 2010/11, notably improvements at Ringwood School to better facilitate the use of the buildings by those with a disability.

5. Condition of Building Fabric

- 5.1 The 5 year condition liability for the combined Education and Non- Education Estate remains high with the Education liability alone in the order of £350 million. Despite the management controls that are in place, it is possible that incidents may occur in our buildings associated with the condition of the building fabric.
- 5.2 The 2009/10 Capital investment programmes delivered some notable improvements including the structural and masonry repairs at Netley Chapel. Works are currently on site to complete the last SCOLA 1 Primary school needing to be reclad. External decorations and repairs, replacement of roof finishes, window replacements and external works are still strong themes in the annual capital programmes.
- 5.3 Two further asbestos sports halls at Wildern and Petersfield Schools have been replaced and a further scheme was undertaken at Cowplain School during the summer.
- 5.4 Current Capital investment strategies are awaited from the government. It is hoped the significant challenges around the schools estate and the

“maintenance time bomb” are recognised and reflected in the anticipated announcements. Investment in the non education estate remains challenging but every effort is being made to maintain and retain these properties at an acceptable standard.

6. Asbestos Inspection Programme

- 6.1 Asbestos management is ranked equal third on the Property Services Strategic Risk Register as a medium risk with a green performance rating for 2009/10. It is managed by a robust survey programme to minimise unmanaged asbestos disturbance. To comply with the Control of Asbestos Regulations (CAR) 2006, the County Council's 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. There are currently 18 months left to run of this programme with 75% completed which includes boiler rooms.
- 6.2 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 advise on CLASP issues) 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.
- 6.3 The County Council has recently had notification from the HSE that they are fully satisfied with our management of Asbestos in school buildings and that there are no actions required following their national audit. It should be noted that a number of other Council's had an advisory and enforcement notices issued in relation to system built school stock.

7. Conclusions

- 7.1 Continuous progress is being achieved through focused management action and capital investment according to the rank order and published improvement agenda. Strategic risks are monitored biannually to quantify the level of risk retained by the County Council and provide information about resources required to control or eliminate 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.

8. Recommendation(s)

That the Executive Member for Policy and Resources be advised to approve:

The implementation plan for Property Services Strategic Risk Register for 2010/11 as set out in table 2 and described in Appendix 3 entitled “Summary of planned actions for implementation in 2011/12”.

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.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. 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 S17 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:

- a) **How does what is being proposed impact on our carbon footprint / energy consumption?**

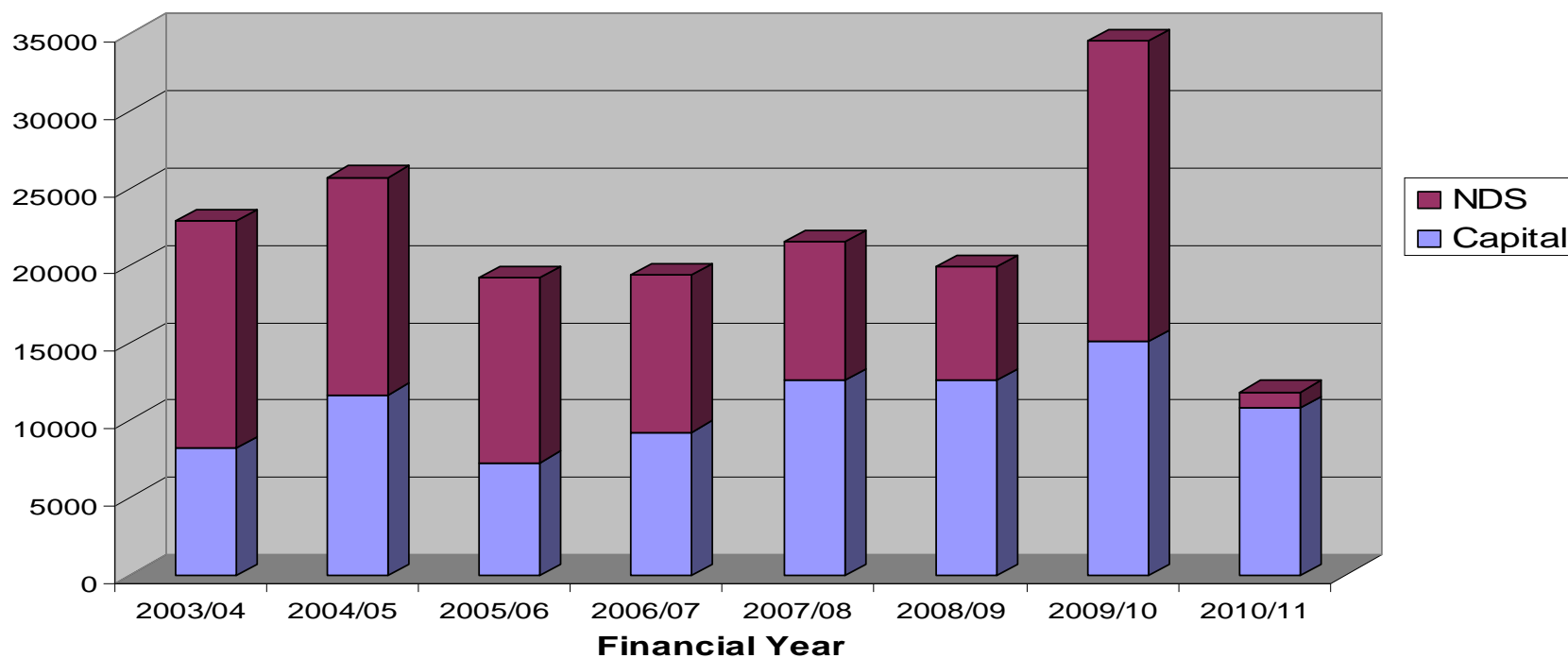
Some of the programmes replace buildings fixtures which are more efficient and reduce energy consumption e.g. relamping of buildings.

- b) **How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?**

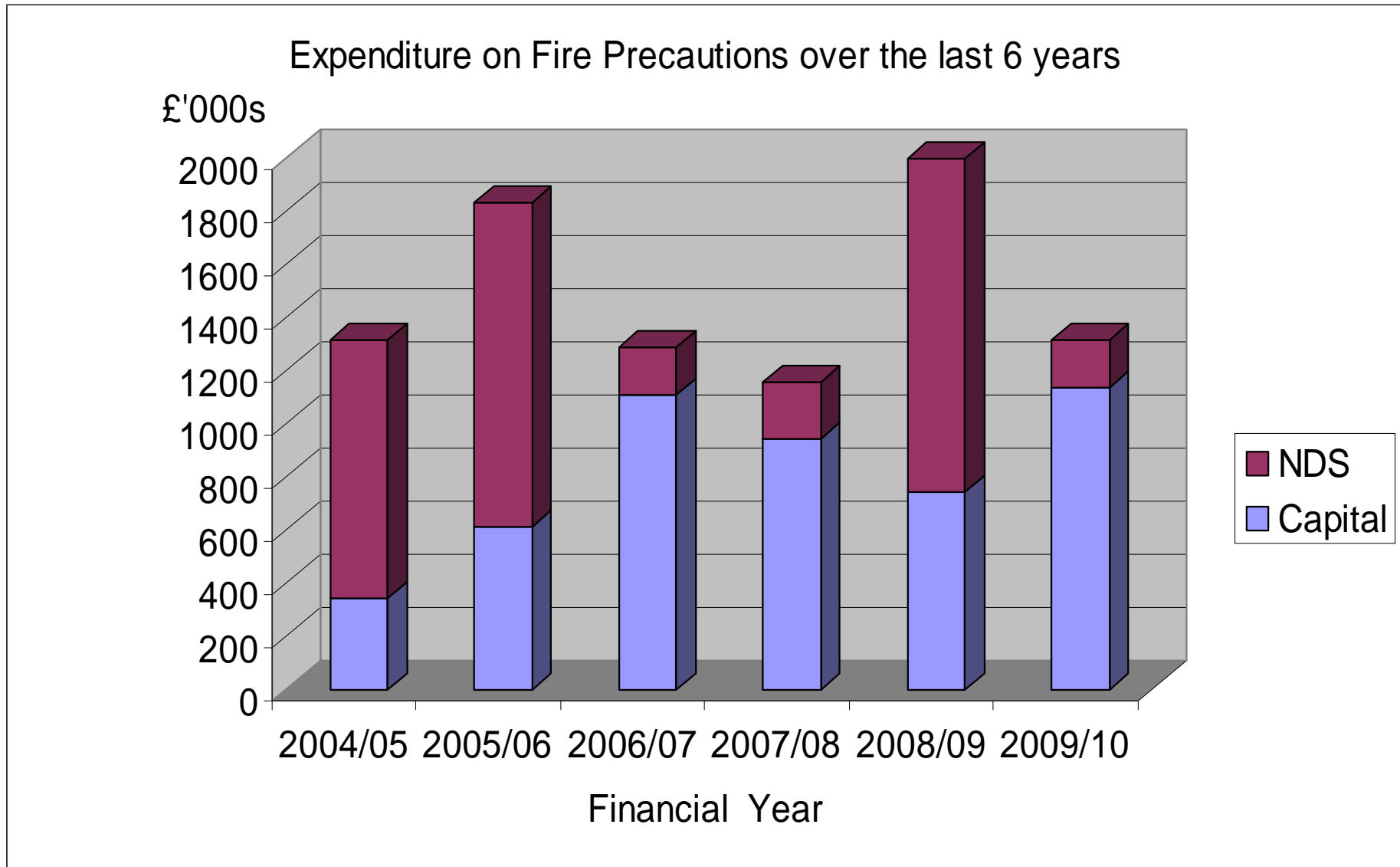
The department has a Sustainability/Climate Change Board which is directing resources and a new strategic risk has been added to join up activity across both agendas.

**Allocation of CRA Resources over Last 6
Yrs and Budget Provision for 2009/10 & 10/11 (fees excluded)**

£'000s



All but £1043k of NDS funding has been accelerated to 2009/10 as a direct result of a request from the Dept. for Education.



Property Services Strategic Risk Register 2009/10

Summary of ten 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	Fire including arson	Fire and arson remains the highest risk particularly in residential buildings such as older persons homes. 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 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
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.	Amber
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. Guidance, instruction and training has been developed and updated for property services staff, building users and monitored contractor performance. ACMs 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	Green

		refurbishment.	
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 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	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 receiving more frequent inspections. An in-house database and management system record the test and inspections with quarterly exception reports discussed at Engineering meetings. If the electrical 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	Higher level access for maintenance to plant and buildings.	This risk 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 access arrangement in place for plant, lift rooms, water towers, roofs, staircases, balconies and balustrades. This risk also covers working in close proximity to drops where equipment used when carrying out basic maintenance tasks could fall onto people below, the arrangements for the certification and inspection of fall arrest systems, and security eyebolts.	Green
Medium	Swimming pool plant failure	This risk covers hazards associated with swimming pools including management systems and the condition of the plant and equipment etc since many facilities are approaching 30 years old. A management review programme is being completed through the schools SLA to review risk management and operating arrangements for pools while regular water testing is provided by Hampshire Scientific Services (HSS) to maintain water quality. Reactive maintenance arrangements are in place with term contractors where inspections and improvement are identified. Significant investment programmes are required to	Green

		update pools to modern standards or alternatively demolish the pools where this is appropriate.	
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, statutory inspection and testing with formal records to include 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	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. High 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 temperatures.	Green
Medium	Failure to manage contractors and supply chain.	The CRA topic of 'Professional Quality assurance' has now become part of the 'Failure to manage contractors and supply chains'. Both these areas are very closely linked and are managed through Technical Services . Various processes are already in place to manage their outcomes, some of which are listed in Appendix 3, tables 1 and 2.	Green

Property Services Strategic Risk Programmes 2009/10 and 2010/11

Table 1: Summary of ten highest risks confirming achievements during 2009/10

Strategic risk	Achievements or key actions completed in 2009/10
Fire including arson	<ul style="list-style-type: none"> • Completed an update for the Fire Risk Profile for the Secondary School estate. • Completed approx 50 audits targeted to the County Council's highest risk assessed list of premises. This proactive partnership approach has reduced formal enforcement by HFRS from a peak of 21 in 2006/07 to only 2 in 2009/10 • Installation of automatic fire alarm systems across the 10 highest risk multi-storey Primary schools at a cost of £250,000 and invested a further £250,000 addressing structural fire precaution issues across the Special School estate initially targeting the multi-storey sites. • Investment of over £900,000 on addressing issues identified at Fire Safety Audits to 34 three storey buildings and 12 single staircase ROSLA blocks on Secondary schools sites, including £100,000 contribution from Children's Services and over £100,000 contribution from schools.
Condition of building fabric inc. vandalism - non educational	<ul style="list-style-type: none"> • Review prioritisation process in light of comments from audit and financial position • Completed survey process to ensure good building intelligence
Asbestos management	<ul style="list-style-type: none"> • The mobile asbestos survey data capture system (MASS) is now being used for project related asbestos surveys. • Proactive work with multi-stakeholders has raised awareness of asbestos issues, improved communication and is helping to reduce the number of asbestos disturbance incidents. • Flexible working practices have been embraced to deliver regular asbestos drop-in clinics and training sessions in Winchester and around the County. • A Contractor's forum was hosted in the new Ashburton Hall which considered the practical application of the new asbestos survey guidance. Feedback from the event was excellent and will lead to further collaborative working and innovation in the way the County Council delivers construction projects.

Condition of building fabric inc. vandalism - education.	<ul style="list-style-type: none"> • Review prioritisation process in light of comments from audit and financial position • Renew security patrols contract and forge links with other partners on crime reduction
Electrical services failure	<ul style="list-style-type: none"> • Test and Inspection database now web-based and being used by the contractors undertaking the current programme • Framework arrangement PQQ completed and shortlist selected. • Tender documents issued in March and submissions due late April.
Higher level access for maintenance	<ul style="list-style-type: none"> • High priority plant access issues addressed to allow safer access to plant and buildings.
Swimming pool plant failure	<ul style="list-style-type: none"> • Closure of those poor quality redundant pools not forming part of the Key Stage 2 works
Mechanical engineering service failures	<ul style="list-style-type: none"> • Remedial LPG works progressed, • TPR valve surveys and replacements substantially complete, • Oil tanks upgrades complete
Detection of Legionella	<ul style="list-style-type: none"> • Improved local management of legionella in older persons homes (OPH) has been achieved through training and instruction for Adult Services delivered by PBRS and has lead to a reduction of risk illustrated by reduced detection. All high and medium risk sites hold a legionella log book.
Failure to manage contractors and supply chain	<ul style="list-style-type: none"> • Introduction of H & S newsletter shared with staff and many contractors. This provides useful information relating to trends, issues arising on and around building sites. • Annual contractors forum held in February. Specific topic relating to asbestos and surveys because of incident trend and to address the introduction of new surveying guidance. Excellent interaction between staff and contractors. • Commencement of use of generic information relating to construction and supply chains.

Table 2: Summary of planned actions for implementation in 2011/12

Strategic risk	Key actions proposed for 2010/11
Fire including arson	<ul style="list-style-type: none"> • Completed the remaining structural fire precautions across the 28 Special School estate - budget £250,000. • Carry out structural fire precautions at Ringwood School to address issues and enable continued use of upper floors by disabled pupils - budget £100,000. • Completed approx 44 audits targeted to the County Council's highest risk assessed list of premises due for audit in agreement with HFRS. This year includes Special Schools, Boarding Houses, remaining 3 storey Secondary school, 3 follow up visits to Secondary Schools and Netley Chapel.
Condition of building fabric including vandalism – non educational	<ul style="list-style-type: none"> • Completion of landlords capital funded works • Establishment of reactive maintenance framework contracts
Asbestos management	<ul style="list-style-type: none"> • Transforming Through Technology - To deliver further efficiency savings through development of IT systems to streamline resource planning and automate the asbestos survey reporting process. • Hampshire Workstyle - To further adopt flexible working practice to deliver further efficiencies and reduce our CO2 footprint. • Innovation - To continue working with construction project stakeholders to develop smarter ways of working and to further reduce the number of asbestos incidents.
Condition of building fabric including vandalism – education.	<ul style="list-style-type: none"> • Completion of landlords capital and NDS funded works • Establishment of reactive maintenance framework contracts
Electrical services failure	<ul style="list-style-type: none"> • Complete framework appointment for electrical test and inspection contractors

Higher level access for maintenance to plant and buildings.	<ul style="list-style-type: none"> • Further works to reduce risk to lower priority areas
Swimming pool plant failure	<ul style="list-style-type: none"> • No key activities planned - normal operations on maintenance
Mechanical engineering service failure	<ul style="list-style-type: none"> • Develop a risk based approach to future safety valve replacement programme • Complete the LPG works for the remaining medium risk installations • Complete the survey of fire dampers in residential premises
Detection of Legionella	<ul style="list-style-type: none"> • Remedial works for current procedures and practices are being carried out by contractors with a target completion date of end April 2011 for the high risks at Elderly Persons Homes and Nursing Care Units.
Failure to manage contractors & supply chain.	<ul style="list-style-type: none"> • Refined, improved H & S site check lists, audit forms and trend analysis list to enable more accurate assessment and focus on issues arising. • Further development of generic details, specification, product selection to establish quality and financial assurances across all technical fields. • Production of informative technical bulletins to all staff advising on good/bad practice to improve on quality across all construction projects.