

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Buildings, Land and Procurement Panel
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Title:	Major Programmes Update Report
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Report From:	Director of Culture, Communities and Business Services

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1. Executive Summary

1.1 The purpose of this paper is to provide an update on the major programmes and issues currently being progressed relating to:

- Children's Services Capital Programme Update
- Construction Industry Appraisal
- Construction Industry Frameworks Update
- Carbon Management Phase 2 Update
- Workstyle Office Transformation Programme

2. Children's Services Schools Capital Programme Update

2.1. Property Services are continuing to work closely with Children's Services colleagues on the design of new schools, school extensions, children's homes, modular classrooms and special schools. There is also ongoing work on the delivery of programmes of activity such as, inclusion, health & safety and access improvements across the schools estate. There have been 6,300 new school places delivered 2013-16, and further projects to deliver an additional 11,000 new primary and secondary school places are planned to be on site by 2019.

2.2. In all there will be 291 projects to the value of £50 million completed in recent years and up to the end of 2016 as part of the largest capital programme for decades; 11 major projects including 2 new primary school and a large secondary school extension, 41 replacement and improvement projects, 21 modular classrooms and the 200 kitchen improvements for free school meals.

- 2.3. There are currently a number of major extension and re-modelling projects being constructed on existing school sites. There are number now complete; these being Marnel Infant and Junior Schools (Basingstoke), Tower Hill Primary School (Farnborough), and Brookfield Community School (Sarisbury Green) with Oakwood Infant School and Greenfield Junior School (Hartley Wintney), Great Binfields Primary School (Basingstoke), Hook Infant and Junior schools currently on site.
- 2.4. Designs are progressing well for adding further new primary school places for September 2017 at a number of existing schools and these include, Kings Furlong Infant and Junior Schools (Basingstoke), Shakespeare Infant and Junior schools (Eastleigh), St James CE Primary School (West End), Tweseldown Infant School (Fleet), Leesland Church of England (Controlled) Junior School (Gosport), Park View Infant and Junior Schools (Basingstoke) and St Lawrence Church of England Primary School (Alton). There are secondary school places to be added at Robert May's School (Odiham) and planning permission has been obtained now for this project. There is also design work commenced on reinvestment projects from funding realised from the sale of land, to build additional teaching spaces and improved infrastructure at Kings School (Winchester), and the additional secondary school provision, including dance and music, at Swanmore College.
- 2.5. In relation to areas of new housing development school designs are underway for a number of new primary schools, which will be Academies, located within new developments; these include new two form entry primary schools with Academy sponsors at Barton Farm (Winchester), East Anton South (Andover), Wellesley (Aldershot), and Boorley Green (Eastleigh). A number of these have been submitted to central government as bids for funding from the Free Schools programme. This is an essential strategy to reduce exposure to the cost of places over and above developer contributions.
- 2.6. School design proposals are progressing with Wildern School for a new secondary and primary school in Horton Heath (Eastleigh), again these have also been submitted to central government as part of the Free School programme. Proposals are progressing for relocating Mill Chase Academy to a new school site within the new residential development at Whitehill Bordon. A new skills centre has also been designed to support employment opportunities and regeneration of the local area and is now in construction on site. This is the first phase of an 'Excellence Campus' vision being promoted by the County Council with capital investment through the local Growth Fund from the Enterprise M3 Local Enterprise Partnership.
- 2.7. Design proposals are starting to be progressed for additional primary school places for 2018 and more detailed feasibility work has been completed for the projects for 2019 and 2020 completions. There are designs for the relocation of Cornerstones Primary School (Whiteley) to a new school site with an increased capacity of three forms of entry in the proposed new housing development.
- 2.8. This year by comparison with the previous two years there is a relatively modest number of temporary classrooms required relating to the basic need

programme for school places. Six new modular classrooms are being deployed, six relocated and 3 classroom buildings demolished as no longer required and at the end of their useful lives.

- 2.9. Six new Childrens Homes are planned and five of these projects are now in construction on site. There have been a number of contractor and supply related issues which have been addressed but these have delayed the planned completions of the first of these projects on site. The delay is being mitigated as much as possible on site by the contractor with close project management to completion by Property Services. The later projects are running to programme and the sixth home has now been confirmed in Winchester and the design is progressing.
- 2.10. The Linden Education Centre is to be relocated from Farnborough to what was formerly Wellington Infant School site in Farnborough and this project is now in construction. It is progressing well on site and is still due to be complete and operational for September 2017.
- 2.11. As the capital programme continues to grow (particularly due to need for the delivery of new school places) there continues to be pressure on the limited funding from Government Basic Need grant, Free Schools funding and developers' contributions. This together with uncertainty, volatility and inflation in the construction market make the continued work on achieving quality at lower costs all the more important. There is innovative design work with our contractors to keep downward pressure on construction costs and work with our strategic partners to maintain our capacity to deliver. Projects are batched into programmes where possible to achieve economies of scale and a shared design approach (but not one size fits all) is being adopted.
- 2.12. For the primary school projects there are efficient building plans and reductions in the scope of external works without significant impact on space and flexibility. There have been common elements and specifications developed, common supply chains with sub-contractors and standard component buying strategies developed through contractor frameworks and direct engagement with manufacturers and suppliers. The design of the capital programme works continues to be coordinated with the investment in maintenance and repair of the schools built estate.
- 2.13. The designs for the secondary school extensions and new secondary schools are following this way of working. There continues to be robust negotiations with developers to maximise financial contributions. There are ongoing discussions with the Education Funding Agency and the Department for Education to secure the maximum possible funding with bids submitted to the Free Schools programme.
- 2.14. Value for money for the delivery of new school places continues to be scrutinised and it is evidenced with the benchmarking of construction costs for schools across the country. Despite recent inflation pressures being experienced in the construction market Hampshire schools costs remain close to the national average. The cost of school delivery in Hampshire has been driven down in real terms over the past five years. The exertion of this

downward direction on costs is necessary and will need to continue in the face of further reductions of funding in the public sector and the financial pressures on local authorities.

3. Construction Industry Appraisal

- 3.1. Previous reports to this Panel have identified the inflationary pressures and the market volatility being experienced in the construction market after the BREXIT vote.
- 3.2. Recent commentary from the Royal Institution of Chartered Surveyors (RICS) Building Cost Information Service (BCIS) notes that the uncertainty following the outcome of the BREXIT vote and a potential slow down with a period of uncertainty. The comment goes on to say that the extent of this slowdown will be dependent upon political discussions and outcomes as a result of the exit negotiations.
- 3.3. As a result of the uncertainty the BCIS has produced a look forward based upon a number of scenarios with maximum inflation rate of 1.5% for 2017 and a rise of 20% over the next four years. The pessimistic outlook points towards a more dramatic slowdown and some deflation.
- 3.4. In spite of this, local market conditions continue to prove challenging with contractors being selective about pursuing tender opportunities. The latest location study information from BCIS shows that both regional and Hampshire tender prices have risen at a greater rate than national averages by a factor of about 3% and follows the trend in London which has also seen similar price increases occurring. This is reflected in the supply chain resource capacity currently being experienced at local level. There is further evidence of local volatility and scarcity of capacity in key trades and with main contractors.
- 3.5. The National Association of Construction Framework (NACF) is currently conducting a survey amongst the framework contractor community to determine what input the BREXIT vote is having on the industry and any direct evidence of market changes as a result. The outcomes of this study and the next round of National Schools benchmarking also led by the County Council will be available early in the New Year, which will provide further intelligence of any movement in market in particular any changes in the local market conditions. This will be reported to a future meeting of the panel.

4. Construction Industry Frameworks Update

- 4.1. The Southern Construction Framework (SCF) and Intermediate Construction Framework are both approaching the midpoint framework terms. Over the coming months planning will start on the next generation of SCF framework which is scheduled for procurement in 2018. The existing arrangements continue to be a great success with the overall work load and the schools programme of around £200m being placed through the framework. The most notable projects let since the last report to this panel is the programme associated with the Adult with a Disability Housing Strategy placed to a value of £25m. Work is underway with this programme on 5 projects,

housing 100 residents. The first phase which is worth £14.5m will house over 60 residents and this programme is scheduled to be completed by January 2018.

- 4.2. The procurement of the Southern Modular Building Framework has been successfully concluded and early projects are being placed through the arrangement. Indications are that there is a high level of interest in the new framework, which will also be available to all Local Authorities in the South of England to deliver modular building projects. The anticipated value of the framework is £600m over its four year term.
- 4.3. The framework arrangements are a key component of Property Services business strategy and are important sources of new revenue income in support of the Property Services T19 transformation proposals contributing additional income to deliver reductions on reliance on cash limited revenue budgets.

5. Energy and Carbon Management Update

- 5.1 A number of energy initiatives were included in the October Report; an update of the various activities can be summarised as follows:

- 5.1.1. Corporate Estate - Energy Performance Programme Phase 3;

- The 2017/18 programme is being developed to follow on from the successful delivery of phases 1 and 2. Salix loan funding has been used successfully for a number of Energy Performance Programmes in the past and will be a major part of the funding for EPP3.

- 5.1.2. County Farms

- Two PV arrays are now completed and the remaining 10 will be procured in a programme over the coming months, subject to detailed technical feasibilities being undertaken on each site.

- 5.1.3. Electric vehicle charging points

- A Prior Information Notice (PIN) is being developed to seek engagement with the specialist industry in order to inform our options in terms of owning, operating and potential revenue income streams. The PIN will be issued early in the New Year. It is essential to get the widest possible responses from specialists to inform the procurement, design and deliver of a commercially viable offer.

- 5.1.4. Solar PV

- Property Services are currently reviewing the business case based on the new Feed in Tariffs and the latest cost information to establish if future programmes will be viable. Battery storage technology is also being investigated to establish the potential when applied to Hampshire's buildings and how this will impact on the solar PV business case.

5.1.5. Support to schools

The Schools Energy Performance Programme was launched in the autumn term and has already generated substantial interest from schools across the county.

5.1.6. Like the other EPP programmes this will also be funded through the Salix Loan scheme and the funds will also cover the professional fees for the design, delivery and programme management, all of which will be additional income to Property Services.

The type of work undertaken will be similar to that of the EPP projects in the corporate estate, but the less onerous payback parameters applied by Salix for schools is likely to increase the number of measures which are appropriate and viable. This is all part of Property Services broadening commercial offer to schools taking advantage of the significant improvements to building stock that are attractive to schools and the lower energy bills that result. Schools also use the energy software as a monitoring tool and it is invaluable for education purposes.

6. Workstyle Office Transformation Programme

Elizabeth II Court South Ground and First Floor Refurbishment

- 6.1. This section seeks approval to the project proposals for the improvement, refurbishment and maintenance focused on the ground and first floors at an estimated total cost of £800,000. This will complete the transformation of this core building to a Workstyle office in a similar manner to the already completed upper floors.
- 6.2. The Buildings, Land and Procurement Panel is asked to support the spend and procurement approval for contracting activity associated with the project.

Scope of Work

- 6.3. The proposal will include the removal of internal walls, the refurbishment of offices, including decorations and replacement of floor finishes, local wiring and data upgrade together with provision of modern, flexible furniture where necessary.
- 6.4. This refurbishment complements works being undertaken to improve the toilets and kitchenettes that has included a necessary and essential upgrade to the electrical distribution within the building.
- 6.5. Funding for the project has been previously approved by the Executive Lead Member for Policy & Resources and this section of the report outlines the available budget from which the project will be developed and delivered

Contextual Information

- 6.6. Elizabeth II Court South is a key building in the Winchester complex. The upper floors have already been refurbished in the manner that is proposed for this project and this enabled the accommodation of the Joint Finance and

HR teams for the County Council, Police and Fire as well as IT as part of the accommodation for the Corporate Resources Department.

- 6.7. A project to complete the final phase of the transformation of Elizabeth II Court South into an efficient, flexible office environment is included in the 2016/17 Policy and Resources Capital Programme.
- 6.8. The proposed works will provide around 100 additional workstations which will accommodate the current requirements of the Director of Transformation and Governance. This accommodation will now support between 125 – 150 extra staff in a more efficient and much improved working environment.
- 6.9. It is proposed that the works be procured through a traditional tender process.

Finance

6.10. Capital Expenditure:

The Capital Expenditure of £800,000 has already been approved as part of the P&R Capital Programme in February 2016. The following outlines the breakdown of costs across the project:

Capital Expenditure	Current Estimate
	£'000
Buildings	460
FF&E	264
Fees	76
Total	800

6.11. Furniture, Fittings & Equipment (FF&E):

The FF&E will include modern space efficient furniture to maximise use as well as equipment for meeting rooms and installation of full WiFi coverage throughout.

6.11. Revenue Implications:

Overview of Revenue Implications:

Facilities Management (FM) Costs:

It is anticipated that there will be an increase in FM costs following intensified use of the space. Discussion with the occupying departments will be undertaken to ensure any additional costs are covered from appropriate revenue budgets.

Risk & Impact Issues

- 6.12. Please see Appendix B for a summary of the risk and impact issues considered in relation to the design of this project.

Planning

- 6.13. The necessary Listed Building approval for the planned removal of some internal walls has already been secured.

7. Recommendations:

That the Buildings, Land and Procurement Panel recommends to the Executive Member for Policy and Resources that:

- a) Progress of each of the programmes is noted.
- b) That approval is given to the Workstyle Office Transformation project proposals for Elizabeth II Court South, Ground and First floors at a total cost of £800,000.
- c) That procurement and spend approval for contracting activity associated with the projects as outlined in this report is granted.

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):	

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.)

Document

Location

None

IMPACT ASSESSMENTS:

1. Equality Duty

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

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

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

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

1.2. Equalities Impact Assessment:

This report provides an update on major programmes being progressed within the department.

2. Impact on Crime and Disorder:

2.1. This update report has no impact upon crime and disorder.

3. Climate Change:

3.1. This is an update report which has no impact upon climate change.