

HAMPSHIRE COUNTY COUNCIL

Committee/ Panel:	Buildings, Land and Procurement Panel
Date of Decision:	11 January 2011
Decision Title:	Major Projects Update
Decision Reference:	2162
Report From:	Director of Property, Business and Regulatory Services

Contact names: Steve Clow

Tel: 01962 847858 **Email:** steve.clow@hants.gov.uk

1. Executive Summary

1.1. This report provides a regular update on the major projects currently being progressed relating to:

- Co-location Projects
 - Havant Public Service Village
 - Ringwood Gateway
- Strategic Asset Management
 - Further Asset Rationalisation
 - Capital and Asset Pathfinder
 - Workstyle
- Refurbishment of Hampshire Scientific Services Laboratory, Southsea
- Project 500 Affordable Housing
- Property Services Service Level Agreement (SLA) with Hampshire Schools 2012-2017

2. Co-location Projects

3. Havant Public Service Village (PSV)

3.1. The project is being progressed to programme, with all workstreams having reached key milestones. Adjustments are being made to the programme, due to several subcontractor issues which have occurred as a result of economic factors influencing the construction industry, further effected by a major construction company going into administration.

- 3.2. However, Members will be pleased to know that the programme team are managing the effect of alterations to the programme and a mitigation plan identified through the programme risk log has been put in place.
- 3.3. In addition, a significant level of work will be undertaken in the next stage of the project, through the Business and Organisational Change and Customer workstreams. This work will enable the smooth transition of the PSV programme through this challenging period.
- 3.4. A Service Integration Workshop was held on 26 November 2010, in order to pursue options to integrate service delivery for the project. The workshop was a success and was attended by senior officers from the County Council and Havant Borough Council, who worked together to identify opportunities that could lead to more effective and efficient integrated service delivery models.

4. Ringwood Gateway

- 4.1. The workstreams for the project, which were reported to the Panel on 12 October 2010, have been established and are being delivered to programme. A number of key milestones have been achieved to date, with the appointment of the main contractor and the submission of a planning application.
- 4.2. New Forest District Council (NFDC) is acting as the Employer under the contract, and has entered into the IESE Framework Pre-Construction Agreement with the contractor. The Development Agreement and other legal documents have been prepared by the Legal and Financial workstreams to ensure that commitments for the funding and the wider project are in place.
- 4.3. Discussions have been underway with the Police Authority, New Forest National Park and Hampshire Partnership Foundation Trust regarding their possible usage of the facilities within the Gateway building. Initial dialogue between all parties has indicated that there will be some use of the drop-in and meeting room facilities, which will be subject to the agreement of the County Council, NFDC and Ringwood Town Council.

5. Further Asset Rationalisation

- 5.1. As part of the Corporate Efficiencies review a new workstream was created to identify further asset rationalisation opportunities over the coming years. The scope of this review brings together three principle areas:
 - The Workstyle programme and its associated asset rationalisation outcomes: acceleration of it to produce earlier revenue savings. There is a short section at point 7 to update Members on projects and progress.
 - Service department asset rationalisation as a result of new models of delivery. Opportunities will also be taken to continue

to maximise asset sharing (for example, registration offices operating out of libraries and Discovery Centres).

- Maximising Capital receipts: opportunities will be taken arising out of asset reductions and sharing space with other public sector organisations, together with potentially bringing forward any land disposals the County Council can. These are being coordinated into one managed programme.

5.2. The next steps will be to factor in the information and data about projects, programmes and potential asset reductions with the wider Strategic Asset Management Plan for the County Council, which Members have been appraised of at previous meetings.

6. Capital and Asset Pathfinders

- 6.1. In August 2010, the Department of Communities and Local Government (DCLG) initiated a programme for Pathfinders at a local level to test a customer-centric and place-based approach to asset management and capital investment. Central government have been working with Pathfinders to identify and remove barriers to taking forward opportunities to better use the existing asset base and new capital investment. It is expected that the output from the Pathfinders will allow the combined public sector to challenge how new forms of capital finance can be made available to local government and its partners in the future.
- 6.2. Hampshire is one of six pathfinders, sponsored by the Chief Executive of the County Council and supported by Chief Executives and senior officers from other public sector partners. Over the past three months, a team led by Hampshire County Council has been working with a number of partners across Hampshire to identify opportunities for collaboration and an approach to the integration of those partners' assets.
- 6.3. The Department of Communities and Local Government set some challenging timeframes, as business cases from the intensive Pathfinders to Ministers were due before Christmas 2010. The County Council submitted its business cases in December 2010.
- 6.4. The business cases developed for the Hampshire Pathfinder are:
 - Winchester One City Strategy – involving Winchester City Council and public sector organisations who occupy space in Winchester. The case is based on the joint rationalisation and sharing of assets across the city, with pooled budgets and collaboration across partners.
 - Basingstoke Public Sector Hub – involving Basingstoke and Deane Borough Council, Hart District Council and public sector organisations who occupy space in Winchester. The case is based on the creation of a public sector hub in Basingstoke and the joint rationalisation and sharing of assets.
- 6.5. Both of the above would deliver significant reductions in floor space leading to substantial revenue savings across the partner organisations.

- 6.6. Work to complete the business cases involved the mapping of all public sector assets in the respective areas; the mapping of how capital is received and used; modelling customer demand; significant stakeholder engagement at senior levels and facilitating in-depth opportunities workshops with Partners to reach tangible projects.
- 6.7. DCLG is looking for the Pathfinders to be both ambitious in their approach and to identify barriers that need to be removed at Ministerial level for Pathfinders to be successful. In addition, DCLG will interrogate the financial case and look to extrapolate this across the public sector with a view to ratifying their own research.
- 6.8. Hampshire's Pathfinder team is now developing the options and detail around the finance vehicles for how the assets could be held and managed, including potential vehicles that could collectively own assets. Furthermore, the team will be looking forward to implementation planning, including procurement and delivery routes. The target for submitting implementation plans to CLG is March 2011.
- 6.9. Hampshire's Pathfinder is complementary to the Workstyle programme, though the Council may wish to acknowledge that its strategy might need to adapt to reflect wider partner needs, if a future business case demonstrates enhanced public sector benefits from a more integrated approach.
- 6.10. Discussions are also taking place with other public sector Partners across Hampshire who are not involved in the first wave of the business case cycle. Opportunities Workshops are being arranged for the beginning of the year to take these forward.
- 6.11. It should be noted that the outline business cases were put together in an extremely short timescale driven by DCLG requirements. It has not been possible to consult in detail at this stage with service delivery teams. Should the pathfinders progress to the next stage, then this arrangement would be a key part of these emerging programmes and its related projects.

7. Workstyle

- 7.1. Members will be aware that, as part of the County Council's arrangements for strategic asset management, the Workstyle programme has focused on rationalisation of the office asset base, which includes offices and drop in sites with no routine customer access facilities and those offices where there is customer access by appointment. The workstyle programme is now also organised to co-ordinate and deliver the projects that it develops.
- 7.2. To date, the most significant Workstyle solutions delivered and in use are the new Elizabeth II Court complex together with a number of drop-in facilities to support more flexible working practices. Work is also underway to implement programmes at Hampshire House in Eastleigh and the Havant Public Service Village, with Contractors now on site for both. These projects are expected to achieve the following efficiencies:

	Target Revenue Savings	Floor Area Reduction	Office Running Costs Per Person Reduction
Hampshire House, Eastleigh - in progress (complete March 2011)	£171,500	-33%	-20%
Havant PSV - in progress (complete May 2012)	£70,000	-34%	-27%

7.3. Further work has been undertaken to agree a set of proposals for the Workstyle programme across the rest of the County, which will be aimed at delivering significant efficiencies, both in terms of reduced property holdings, and through increased flexible and smarter working in practice. The Workstyle programme will complete within the next three years and further information on its next steps will be reported to a future meeting of the Panel.

8. Refurbishment of Hampshire Scientific Services Laboratory, Southsea

- 8.1. The Government spending cuts have resulted in unprecedented financial challenges for Local Government and its partner organisations. All opportunities for partnership and sharing of services are being explored by the County Council. One high profile opportunity to share scientific services with Hampshire Constabulary is currently being progressed.
- 8.2. Hampshire County Councils in-house Scientific Service based in Southsea provides a range of forensic science and analysis services to a number of departments in the County Council together with Trading Standards and Environmental Health offices in 40 different authorities. The service is known for its high quality, being one of the first in the UK to achieve UKAS accreditation, and is run in an extremely business like manner. In the past it has also provided Toxicology to Hampshire Coroners and drugs analysis and identification for Customs and Police.
- 8.3. Hampshire Constabulary also has an in-house scientific service based in Netley. This service provides fingerprint identification and sub-contracts a substantial amount of forensic analysis such as drugs, toxicology and fibre analysis to private sector forensic science providers. It also subcontracts exhibit analysis for extraction of blood and biological material from exhibits left at a crime scene.
- 8.4. High level discussions between the two organisations have been underway to explore the skills and capacity available to deliver and procure joint arrangements. Legal and financial governance arrangements to take forward any proposals are being developed along with a detailed business case and business plan. Of particular

importance is the formation of a joint Scientific Services unit to accommodate Hampshire Constabulary staff at the Scientific Service in Southsea.

- 8.5. Funding for essential maintenance works costing approximately £317,000 has been allocated in the current financial year. Hampshire Constabulary have also agreed in principle to allocate £120,000 towards the works associated with creating a joint scientific unit. A table below sets out the sources of funding for the project:

Financial Provision for Total Scheme	Total Cost £'000
<u>1. From Own Resources</u>	
a) Policy & Resources Capital Repairs Budget	220
b) Policy & Resources Revenue Contribution	97
<u>2. From Other Resources</u>	
a) Hampshire Constabulary	120
Total	437

* The above includes fees of £47,000

- 8.6. The building works required will include:
- Replacement of the roof covering and engineering works associated with the cooling tower and air handling plant, and rewiring and replacement of lighting to upstairs (all approx 40 years old and in need of urgent repair).
 - Creation of a blood screening laboratory, fingerprint testing laboratory, drug sampling and toxicology laboratory and a remodelled DNA lab.
- 8.7 As part of this overall project new laboratory equipment will be procured at estimated cost of £200,000 to be found from within existing revenue resources for 2010/11.
- 8.8 Once the legal and financial governance arrangements are in place, both organisations will need to move very quickly to ensure the successful delivery of this joint venture. Therefore, so as to not miss out on this opportunity it is proposed that the refurbishment and repair works be tendered in February so that works on site can commence as soon as possible. A further update will be reported to the Panel in March.
- 8.9 This is an exciting opportunity for both organisations and demonstrates the benefits of shared services. It is anticipated that in the region of £675,000 income will be brought in-house in a full financial year rising to significantly more as this joint venture progresses. The proposal is already gaining attention from other police forces, the Ministry of

Defence and the forensic science regulator who wishes to make this an exemplar of best practice for other police forces to follow.

9 Project 500 Affordable Housing

- 9.1 As part of the Strategy for the Built Estate report that was considered by the Panel, it was noted that following an initial sieve exercise of County Council owned sites and feedback from the respective local planning authorities, 15-20 sites had been designated as having high potential to come forward under the Project 500 strategy. These sites, mostly edge of settlement or in a rural village locations, are generally those that could only be developed on an exceptions basis. It is considered that this group of sites could have potential for up to 120 dwellings.
- 9.2 Discussions have taken place with planning and housing colleagues from various District and Borough Councils, to discuss the identified sites in more detail and to identify the next steps to progress feasibility work, which will inform the type of development suited to each site. It is intended that feasibility work on the green status sites will be complete by April of this year.
- 9.3 At the same time, some initial work has begun to explore procurement options and specifically the available funding mechanisms, particularly in light of the recent announcement that grant from the Homes and Communities Agency (HCA) is likely to be significantly reduced. This reduction comes at the same time that there appears to be a fundamental shift in the way in which affordable housing will be funded in the future. Meetings with the HCA will be held shortly and the outcome of these will inform procurement arrangements that can be developed to deliver the sites identified to support the Project 500 strategy.

11 Property Services Service Level Agreement (SLA) with Hampshire Schools 2012-17

- 11.1 The Property Services Service Level Agreement (SLA) for Hampshire Schools is due to be renewed in April 2012. The SLA remains a key part of the Property Services relationship with schools. The high level of support from schools is extremely important to Property Services and ensures the high quality of management of the Schools estate in Hampshire. Considerable effort is now being made to create an agreement from 2012. In 2010, market research was conducted by private consultants with a random sample of Head Teachers, wherein 25 Secondary school Head Teachers and 20 Primary school Head Teachers were involved in face to face interviews. All Primary school Head Teachers were asked to complete an electronic survey, and 215 Primary school Head Teachers responded (48%). A summary of the findings from this survey is set out below;
- There is strong support for the SLA, particularly high in the primary sector
 - Emergence of a developing role of Business Manager in Secondary Schools.

- Considerable interest in environmental advice as a possible enhancement of the service.
- Some acceptance of adding a limit to the number of feasibility studies that can be supplied from within the SLA
- Challenge to the cost of contractors on approved list
- Recognition that schools will be looking at getting the best value from SLA in current financial climate
- Strong recognition of the value of impartial professional advice.

11.2 Consideration has been given to the findings of this research, whilst a new agreement with schools is developed. A new SLA will need to respond to the current national economic conditions and the publication of the White Paper "The Importance of Teaching" November 2010. The economic and political climate can offer considerable potential for change during the lead into the April 2012. Not least will be the outcome of the Government's consultation in the spring on proposed new funding arrangements for schools set out in the White Paper. As equally important will be the reaction from schools to the Academy and Free Schools agenda. An offer will be developed that recognises the different terms that will be needed for these.

11.3 Along with a renewed offer for Hampshire Local Education Authority, schools consideration is being sought in developing an SLA service or services to a broader customer base. This could potentially include Academy Schools, Colleges and Schools further a field. In addition, another key consideration will be the procurement of a new Term Maintenance Contract (TMC) for day to day reactive repairs and servicing due for renewal in August 2012.

11.4 It is proposed that the development continues apace towards a new offer but the opportunity will be taken to monitor and adjust to developments over the spring and summer. A report on the final proposed SLA offerings will be brought to a future meeting of the Panel.

12 Recommendations

- a) That progress on each of the major projects, be noted.
- b) That in respect of the refurbishment of Hampshire Scientific Services laboratory (Section 8) **the Panel advises the Executive Member for Policy and Resources:**
 - i. That the County Council's funding contribution of £317,000 from within existing resources, be endorsed and a scheme for the full value of £437,000 be added to the 2010/11 Policy and Resources Capital Programme.
 - ii. That in order to progress the scheme to completion, the Director of Property, Business and Regulatory Services be authorised in consultation with the Executive Member for Policy and Resources to commit the necessary resources and take the required steps to procure the building works and laboratory equipment.
 - iii. That a further update report be presented to a future meeting of the Panel.

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:	Yes
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	
<p>The following documents disclose 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.)</p>	
<u>Document</u>	<u>Location</u>
None	

COMPREHENSIVE RISK & IMPACT ASSESSMENT

Race and Equality Impact assessment

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

Crime prevention issues

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 the in this report have no impact on the prevention of crime.

Climate Change

All the projects referred to in this report are and will be sensitive to future changes in climate and are principally naturally ventilated and use construction technologies that minimise solar gain and energy consumption.