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NOTICE OF MEETING

Meeting	Buildings, Land and Procurement Panel
Date and Time	Tuesday, 27th June, 2017 at 10.00 am
Place	Denning Room, Ell Court, The Castle, Winchester
Enquiries to	members.services@hants.gov.uk

John Coughlan CBE
Chief Executive
The Castle, Winchester SO23 8UJ

FILMING AND BROADCAST NOTIFICATION

This meeting may be recorded and broadcast live on the County Council's website. The meeting may also be recorded and broadcast by the press and members of the public – please see the Filming Protocol available on the County Council's website.

AGENDA

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

All Members who believe they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Part 3 Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore all Members with a Non-Pecuniary interest in a matter being considered at the meeting should consider whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, consider whether it is appropriate to leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with the Code.

3. MINUTES OF PREVIOUS MEETING (Pages 5 - 10)

To confirm the minutes of the meeting held on 10 January 2017.

4. DEPUTATIONS

To receive any deputations notified under Standing Order 12.

5. CHAIRMAN'S ANNOUNCEMENTS

To receive any announcements the Chairman may wish to make.

6. MAJOR PROGRAMMES UPDATE REPORT (Pages 11 - 22)

To consider a report of the Director of Culture, Communities and Business Services providing an update on major projects currently being progressed within the department.

7. PROPERTY SERVICES BUSINESS REVIEW 2016/17 (Pages 23 - 30)

To consider a report of the Director of Culture, Communities and Business Services providing an overview of Property Services' financial outturn position for 2016/17.

8. SOUTHERN RESPITE SERVICE, LOCKS HEATH (Pages 31 - 44)

To consider a report of the Director of Culture, Communities and Business Services outlining proposals for the provision of a Respite Care facility.

9. ENERGY AND CARBON MANAGEMENT PROGRAMME UPDATE (Pages 45 - 54)

To consider a report of the Director of Culture, Communities and Business Services with an update on the Carbon Management Plan.

10. CORPORATE PROCUREMENT AND COUNTY SUPPLIES CONTRACTING ACTIVITY AND APPROVALS FOR 2016/17 (Pages 55 - 60)

To consider a report of the Director of Culture, Communities and Business Services regarding procurement, amendments and extensions to contracts over £1million in value.

11. BUSINESS SERVICES GROUP - 2016/17 ANNUAL REPORT AND ACCOUNTS (Pages 61 - 72)

To consider a report of the Director of Culture, Communities and Business Services providing a summary of the financial performance of business units within the Business Services Group.

12. EXCLUSION OF THE PRESS AND PUBLIC

To resolve that the public be excluded from the meeting during the following items of business, as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during these items there would be disclosure to them of exempt information within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that in all the circumstances of the cases, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons set out in the reports.

13. BUSINESS SERVICES GROUP - BUSINESS PLANS 2017-18 (Pages 73 - 88)

To consider an exempt report from the Director of Culture, Communities and Business Services.

ABOUT THIS AGENDA:

On request, this agenda can be provided in alternative versions (such as large print, Braille or audio) and in alternative languages.

ABOUT THIS MEETING:

The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact members.services@hants.gov.uk for assistance.

County Councillors attending as appointed members of this Committee or by virtue of Standing Order 18.5; or with the concurrence of the Chairman in connection with their duties as members of the Council or as a local County Councillor qualify for travelling expenses.

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Agenda Item 3

AT A MEETING of the BUILDINGS, LAND AND PROCUREMENT PANEL held in
the Denning Room, Elizabeth II Court, Winchester, on
10 January 2017

Councillors:

p. Chairman: Councillor Mel Kendal
p. Vice-Chairman: Councillor Peter Edgar

a. Keith House
p. Frank Pearce
p. Andrew Joy

a. Martin Lyon
p. John Wall
p. Adrian Collett

149 BROADCASTING ANNOUNCEMENT

The Chairman announced that the press and members of the public were permitted to film and broadcast the meeting. Those remaining at the meeting were consenting to being filmed and recorded, and to the possible use of those images and recording for broadcasting purposes.

150 APOLOGIES

Apologies were received from Councillors House and Lyon. Councillor Collett was in attendance as the Liberal Democrat substitute member.

151 DECLARATIONS OF INTEREST

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest and, having regard to Part 3, Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Personal Interest in a matter being considered at the meeting they considered, having regard to Part 5, Paragraph 4 of the Code, whether such interest should be declared, and having regard to Part 5, Paragraph 5 of the Code, considered whether it was appropriate to leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with the Code.

152 MINUTES

The Minutes of the meeting held on 11 October 2016 were confirmed by Members as a correct record and signed by the Chairman.

153 CHAIRMAN'S ANNOUNCEMENTS

The Chairman announced that the County Council's Property Services had recently received a number of awards, commendations and short listings. These had included:

- The Westgate Lower School had received a Solent Design Award 2016 in the Quality Place Category which was one of only three Awards given. It was also the Society of Public Architecture, Construction, Engineering and Surveying (SPACES) Building of the Year 2016. This was jointly with Birmingham New Street Station Redevelopment which illustrated the significance of the competition.
- Portesbery Special School, which had been designed for Surrey County Council by Hampshire's Property Services, had received the Local Authority Building Control Best Inclusive Building Award 2016 and had been short listed for the Times Education Supplement Creative School of the Year Award.
- The Schools Scola Re-cladding Programme had been Highly Commended in the SPACES Engineering Innovation Category 2016.
- The HMS M33 Historic Building Project had received the SPACES Heritage Civic Building of the Year Award 2016.
- Park Community School had been named as the RICS Community Benefit Winner 2016.

152 DEPUTATIONS

There were no deputations on this occasion.

153 MAJOR PROGRAMMES REPORT

The Panel considered the report of the Director of Culture, Communities and Business Services which provided an update on major projects and issues currently being progressed within the department (Item 6 in the Minute Book.)

Members' attention was drawn to the close working between Property Services and Children's Services on the design and delivery programme for the provision of 18,275 new school places by 2019. This was a further increase to that noted in the report as a result of a further analysis of pupil numbers required. The Director confirmed that steady growth countywide, including new housing developments and demographic change, had contributed to the requirement for additional school places. The Panel heard of the work that Property Services was conducting with the Education Funding Agency (EFA) to design and deliver new Free Schools. It was noted that ongoing discussions were continuing with the EFA and the Department for

Education to secure the maximum possible funding for the Free Schools programme.

In response to Members' questions it was confirmed that all new schools were required by legislation to operate as academies. Furthermore, in response to Members' questions relating to section 2.9 of the report, it was confirmed that the completion date for the first of six new Children's Homes was expected in February 2017 and would be followed by the completion of the remaining five homes as part of a phased programme.

Discussion was held regarding the Workstyle Programme and how this enabled staff to work flexibly to support the requirements of their role. Further benefits of the Programme to staff were also discussed as were the significant savings that had been realised since the introduction of the programme around a decade ago.

RESOLVED:

That the 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.

154 MANAGING HAMPSHIRE'S BUILT ESTATE

The Panel considered the report of the Director of Culture, Communities and Business Services. (Item 7 in the Minute Book).

Members heard that the total planned investment for schools and corporate buildings totalled £52million and that this was funded through local resources, school contributions and government grants.

It was noted that the initial indication given for the Schools Condition Allocation (SCA) grant for 2017/18 was £17.7million and that this would be used to invest further in the schools estate. The confirmed SCA grant figure would be announced in March 2017. The Panel heard that the Schools Service Level Agreement (SLA), which enables Hampshire schools to pool their funds and for their maintenance programmes to be managed within Property Services, was due for renewal in April 2017. Members noted that excellent progress had so far been recorded with the majority of schools confirming renewal with the final deadline being the end of March 2017 for responses.

The Director highlighted the County Council's successful bid for SCOLA recladding in the Priority Schools Building Programme 2 for four Hampshire schools. These projects were planned to be delivered on behalf of the EFA at Wootey Junior School, Talavera Infant School, Overton Church of England Primary School and Oliver's Battery Primary School. This was noted as an excellent example of Hampshire County Council acting as delivery partner for the Government.

RESOLVED:

That the Panel recommends to the Executive Member for Policy and Resources that:

- a) The headline Policy and Resources Repair and Maintenance budgets for 2017/18 contained within this report are noted and that a more detailed report seeking approval will be brought to a future Policy and Resources Decision Day.
- b) The progress on the renewal on the Schools Service Level Agreements and the procurement of the Term Maintenance Contract and Minor Works Framework is noted.
- c) That advance design work to progress schools Condition Projects, External Decorations and Primary Schools Building Programme 2 progress, as set out in Appendix 2, is approved including subsequent letting of contracts as soon as possible after allocations are confirmed by the Department for Education.
- d) The procurement route for delivery of the revenue and capital repairs programmes (as either a suitable OJEU compliant framework arrangement or via traditional single stage competitive tender) is approved.

155 CORPORATE PROCUREMENT CONTRACTING ACTIVITY AND APPROVALS FOR 2016/17

The Panel considered the report of the Director of Culture, Communities and Business Services regarding procurement, amendments and extensions to contracts over £1million in value (Item 8 in the Minute Book).

An Appendix was attached to the report which detailed the projects which were seeking endorsement from the Panel.

RESOLVED:

That the Panel makes the following recommendation to the Executive Member for Policy and Resources:

- a) That procurement and spend approvals, as appropriate, be given for the framework agreements and contracts as detailed in Appendix 1.

156 EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

The public were excluded from the meeting during the following items of business, as it was likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during these items there would have been disclosure to them of exempt information within Paragraph 3 of Part I Schedule 12A to the Local Government Act 1972, and further that in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, for the reasons set out in the minute and report.

157 CORPORATE PROCUREMENT CONTRACTING ACTIVITY AND APPROVALS FOR 2016/17

The Panel considered the exempt appendix regarding Item 8 in the Minute Book and Minute Number 155.

The exempt appendix, relating to the supply of non domestic water and waste water services, was introduced and discussed by the Panel. The Panel agreed recommendations to the Executive Member for Policy and Resources.

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HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Buildings, Land and Procurement Panel
Date:	27 June 2017
Title:	Major Programmes Update Report
Report From:	Director of Culture, Communities and Business Services

Contact name: Steve Clow

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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:

- New Schools Delivery Programme
- Traded Services
- One Public Estate (OPE)
- Adult Services Programme
- Capital Receipts
- Construction Frameworks
- Construction Industry Appraisal

2. New Schools Delivery Programme

2.1 All new schools are now required to be established as Free Schools by the Department for Education (DfE). Free Schools are sponsored and operated by an Academy Trust. The Academy Trust will provide the education and will be responsible for the buildings maintenance and operating costs. The Local Authority will retain the freehold of the site and grant a long lease (usually 125 years) to the Trust.

There are two routes available to open a new Free School and construct the building:

- One option is for the Local Authority to seek a sponsor through a 'presumption' route, where the Authority is responsible for providing the site for the new school and meeting the associated capital and building establishment costs. A competitive process is undertaken and the preferred sponsor is recommended to the DfE for approval by the Secretary of State.
- The second option is through an 'approved' sponsor (pre-registered by the DfE) making a direct application to the DfE. The Local Authority can

support (but not lead) such an application and is consulted on the submission.

To date, HCC has successfully worked in Partnership with Academy sponsors making Free School applications to the DfE direct to provide additional school places (Basic Need).

- 2.2 The County Council's 350 strong Property Services team has a proven track record over many years of delivering new school buildings and it is proposed they continue to play a role in the process to ensure that good quality environments are constructed for the benefit of Hampshire children. The DfE now requires that all new schools are constructed to a benchmark funding envelope to maximise the number of places provided for the funding available nationally. This is in the context of reduced public spending and austerity and will be at a lower cost than schools previously delivered in Hampshire. The County Council is proposing to construct schools to acceptable standards at this lower cost target through a combination of careful planning and appropriate design.
- 2.3 There are currently seven new schools identified to be delivered in the next four years (2017-2021). These are listed below:
 - East Anton Primary School, Andover (Extension to existing School)
 - Boorley Green Primary (Free School)
 - Horton Heath All Through School (Free School): to be delivered as two projects for Primary and Secondary places
 - Basingstoke Special Educational Needs (Free School)
 - Chestnut Avenue Primary, Eastleigh (Free School – Presumption route)
 - Cornerstones Primary, Whiteley (Church of England Aided School)
 - Whiteley Secondary (Governance TBC)
- 2.4 Capital funding for new school buildings is available through a combination of Government Grant (Basic Need and Free Schools) and Developer Contributions. The County Council has an excellent track record of securing significant Developers' Contributions which has secured £178m over eight years from 2012 – 2020 into the Children's Services Capital Programme. It is proposed to deliver all new schools within the envelope of available 'external' funding together with the potential of connected capital receipts, thereby avoiding a call on the County Council's own scarce resources.
- 2.5 The Council has been successful in working in partnership with academy sponsors to gain approval from the Department for Education (DfE) for a number of Free Schools. This is currently expected to realise a contribution from the DfE of around £21 million of capital funding over and above developers' contributions to the current programme of new schools.
- 2.6 The Council's Property Services has recently established a partnership with the DfE to undertake local delivery of Free Schools and a number of other centrally funded projects. This will allow the County Council to continue a

positive role in the design and delivery of schools and is a testament to its capacity, skills, and track record.

- 2.7 For the delivery of new schools via the Free Schools application process, the County Council is required to follow the DfE process and governance. This includes transferring design responsibility to the selected Contractor at an early stage in the process. The Contractor takes responsibility for the design and construction risk following conclusion of a two stage tender process. It is proposed that County Council's Property Services retain the role of delivery agent and technical advisor throughout the feasibility, design and construction phases. This will ensure the best outcome within the framework that the DfE sets.
- 2.8 New schools which are to be Free Schools, set up via the presumption route, will continue to be designed and delivered directly by the County Council but will now be to a lower cost and fee envelope to match the DfE's benchmark standards. These will, however, be delivered using County Council Construction Frameworks and will not be required to follow the onerous central governance and control mechanisms of the DfE.
- 2.9 The estimated value of the new schools over the period 2017-2021 is £89 million. It is proposed to maximise opportunities for efficient design and delivery to common templates and specification, aggregating procurement where possible. There is early stage design work being progressed on the Free School proposals for Boorley Green and Chestnut Avenue and more detailed design work on-going for the Cornerstones Primary School and for the proposed new secondary school at Whiteley.
- 2.10 There is more strategic work continuing to secure the necessary sites and infrastructure for the new schools within the proposed new residential developments, including those at Whiteley and Horton Heath. This includes working closely with the local planning authorities to ensure the school sites are appropriately sized and well located for access and travel distances within the communities they will serve and to ensure they are sensibly planned in relation to highways infrastructure, local centres and other community facilities. This provides a co-ordinated approach for the infrastructure requirements across the developments with close working between the County Council's Property Services, Children's Services, Planning and Highways teams.
- 2.11 There is feasibility work being undertaken on a number of the schools to assist in negotiations with developers and the local planning authorities to secure the necessary funding contributions for the school provision. This includes detailed feasibility work for the school at Horton Heath for which approval has recently been granted for a new 4-16 Free School to serve the Hedge End and Horton Heath areas.
- 2.12 There is also early stage strategic planning work being undertaken for further new schools proposed beyond 2021 in Hampshire at Welbourne (Fareham), Manydown (Basingstoke), Bordon, Basingstoke and Fleet – all relating to areas of new housing development emerging in Local Plans.

3. Traded Services Update

- 3.1. Alongside delivering significant programmes of work for the County Council, joint working partners, schools and academies, Property Services continues to provide professional services to a range of external clients, in line with the corporate traded services strategy. In 2016/17 a total of £9.5m of fee income was earned from clients outside the County Council, including schools, Police, Fire and Reading Borough Council.
- 3.2. The management of the regional construction and modular building frameworks generate income of around £1.1million in 2016/17 and the heritage architecture team continues to work with a variety of organisations to conserve important historic buildings and develop and deliver new and enhanced visitor attractions in the Hampshire region. Property Services continues to work with Reading Borough Council through the Reading Hampshire Property Partnership, currently delivering a programme of office rationalisation following the completion of a major primary school expansion programme in the last financial year.
- 3.3. Property Services, as reported to the Panel in January, are now progressing the detailed design work on four pilot local delivery projects for the Education and Skills Funding Agency (ESFA) Priority School Building Programme (PSBP2). These projects will see the complete recladding of four Hampshire system built schools. The current estimate for the four projects is £10.3m inclusive of fees.
- 3.4. Property Services are also working on the feasibility of a further project for a scheme on the Isle of Wight (IoW) currently estimated at £2m to refurbish the Downside Middle School in Newport. It is hoped the outline business case for this project will be signed off by the ESFA shortly allowing the detailed design work to be undertaken and tenders invited.
- 3.5. The ESFA have now also instigated a further commission for seven more refurbishment projects for the IOW under the PSBP2 programme. It is early days at the moment but these works are likely to be significant refurbishments or replacements of the seven schools involved and offer the opportunity of some interesting projects for Property Services. This new commission represents a significant growth in a developing relationship for Property Services delivering projects for the ESFA. It is good to see the ESFA recognising the skills and capacity within Property Services. It is anticipated that the total value of the works across the pilot sites and including the latest commission will exceed £30m.

4. One Public Estate: Maximising value and efficiency across public sector assets

- 4.1. One Public Estate (OPE) is an initiative to support Local Government working with Central government and other public sector partners on land and property initiatives to deliver against four core objectives:
 - Stimulation of economic growth, including new homes and jobs.
 - More integrated and customer-focused services.

- Generation of capital receipts.
 - Reduction of running costs and increased revenue generation.
- 4.2. Hampshire County Council (HCC) has been participating in the initiative since its inception in 2013. The most recent round of bidding in October 2016 has resulted in a further £160,000 being secured to take forward new projects and to bolster existing projects. The total funding secured from the Cabinet Office for OPE Phases 1-5, led and arranged as programmes by the County Council, is now £1.06m. Phase 6 bids are expected to be submitted in the Autumn. It is likely that this will be the last opportunity to secure funding as part of the current OPE programme.
- 4.3. The programme offers support to unlock barriers to progress, which has included facilitating discussions with Central Government departments such as the Ministry of Defence, Ministry of Justice and Department of Work and Pensions and an escalation route to a Ministerial 'Star Chamber'. Work is also continuing to establish a process for the 'priority purchaser' status for Local Authorities seeking to acquire surplus Central Government assets, as set out in the Housing and Planning Bill.
- 4.4. Governance for Hampshire's programme is now maturing with senior representatives of the 22 organisations meeting quarterly at the wider Hampshire OPE Land and Assets Board since December 2015 (chaired by HCC as the Lead Authority). The themed sub-groups have also developed and shared learning on flexible building design principles and the joint commissioning of feasibility work have been key outcomes. The Emergency Services sub-group has resulted in 5 additional projects being identified to take forward.
- 4.5. Funding secured as part of Phase 3 has also delivered:
- Studies to assess the potential homes and jobs that can be generated through the release of public sector assets in Fareham Town Centre;
 - Completion of strategic outline business cases for community hubs in Andover and New Milton;
 - Integration of OPE projects within the Health Strategic Transformation Plan for Hampshire, and pilot work on standardised Heads of Terms for shared use of Local Authority and Health buildings (including offices and commissioned health services within library premises/community hubs);
 - Identification of priorities and a work plan for emergency services co-location and collaboration projects
 - Identification of options for co-location and regeneration in Aldershot.
 - Identification of 3 libraries to take part in the Ministry of Justice Commuter Hubs pilot providing workspace for Civil Servants based in the Hampshire area
 - Plans developed to relocate Andover Job Centre to Test Valley Borough Council's Beechurst Offices and release the existing leased premises

- 4.6. Work on Phase 4 began in January 2017 and will deliver additional outputs for existing projects as well as co-location and redevelopment opportunities adjacent to the train stations in both Fareham and Eastleigh. This will include using the support of the Government Property Unit and Local Government Association to find routes to engagement at a more strategic level with Network Rail.
- 4.7. The Defence Infrastructure Organisation will be providing maps and data on surplus and retained sites. This will allow the partnership to collectively propose how best to bring forward the infrastructure required to unlock housing and employment on the surplus sites and also look at potential for co-location on the retained sites.
- 4.8. Southampton and Portsmouth have their own successful bids for OPE funding and it is understood the Isle of Wight have recently secured funding to join Phase 5.
- 4.9. Hampshire officers will continue to keep communication channels open and support other authorities with advice and guidance on this important cross-sector initiative. The fact that geographical boundaries are rarely co-terminus (Local Government, Police, Fire, Health for example) means that HCC can have a role beyond its physical boundaries in support of public sector asset transformation and innovation.

5. Adult Services Programme Update

- 5.1. Property Services continues to support Adult Social Care colleagues on a number of programmes of work, for both business as usual purposes and also related to Transformation to 2017 savings. It is also providing senior leadership to assist in the development of strategies to support the emerging Transformation to 2019 initiatives where there is a property context or outcome.
- 5.2. In relation to existing programmes of work the following updates can be provided:
- 5.3. Learning Disability Transformation:

Following the recently updated strategic business case approved at March 2017 EMPR, work is progressing to deliver further Community Link projects with a proposed provision as part of a wider public sector hub project being led by Test Valley Borough Council on the site of the former Andover Magistrates Court building. In addition, the feasibility and more detailed design stages to deliver a second (southern) respite facility has now been completed and a detailed planning application for this project is due to be submitted on a County Council owned site in Locks Heath, Fareham following a public engagement event planned in respect of a wider site of which the respite facility site forms part. It is hoped, subject to planning and continued progress, that the respite facility which will provide an 8 room respite accommodation will open Autumn 2018. There is a report recommending approval to the design and procurement elsewhere on this agenda.

5.4 Older Persons Extracare Housing:

Following the recent approval of a revised delivery strategy, which will see a change to the proposed extracare schemes in terms of balance of unit sizes and tenure mix (to include shared ownership and some outright purchase units), new procurements are being progressed on County Council owned sites in Romsey, Petersfield, Gosport and New Milton to select development partners for these sites. There are also other development opportunities within a number of third party development sites that may also come forward over the coming years. Following the successful completion of Surrey Court in Eastleigh, a further site in Winchester (Chesil Street) is due to open in Autumn 2017 which will provide 54 1 and 2 bedroom units and also a replacement County Council Older Persons day centre (currently located at Kingsworthy).

5.5 Learning Disability Housing Programme:

This programme looks to transition service users with a learning and/or physical disability from a traditional care home setting to assisted living accommodation where they are able to live independently but with the requisite levels of care and support to meet their needs. Following the approval of a strategic business case which secured up to £35m of borrowing, work has progressed on the new build element of this programme with five projects now either on site or shortly to be so to provide 63 one bedroom units with supporting communal spaces. The mainstay of the programme involves the development of schemes of 8 to 10 and 16 to 18 units – these are to be provided at Aldershot, and Basingstoke and New Milton respectively. More specialised schemes for service users with Prada de Willi syndrome and significant physical disability are also planned in Winchester and as two shared bungalows in Basingstoke.

6. Capital Receipts Update

- 6.1. The County Council continues to adopt a managed approach to the rationalisation of its estate realising valuable capital receipts for reinvestment into public service delivery. During 2016/17, capital receipts of £3.36m were achieved, which was lower than forecast at the beginning of the financial year due to a number of disposals experiencing delay in delivery, mainly due to the challenging planning environment resulting in rescheduled consents. Consequently, a significant number of disposals which had been anticipated to complete in 2016/17 have been re-programmed for delivery in 2017/18, creating a significant increase in the forecast for this year to approximately £20m.
- 6.2. As things currently stand, Strategic Land delivery still represents the biggest proportion of capital receipt income over the next few years, with other capital receipts (non-Strategic Land) continuing to represent relatively modest (sometimes ad hoc or 'windfall') opportunities. In 2017/18 alone, approximately £10m is anticipated to be delivered from the disposal of the first two phases of the County Councils' land at Chestnut Avenue, Stoneham in Eastleigh, which is currently held under Option by a developer.

- 6.3. Disposal strategy options are emerging on the remaining strategic land sites and these strategies will help to inform the 'long-range' receipt forecast to c.2030/31. Depending on corporate priorities, consideration of the potential delivery of a blend of revenue streams and traditional capital receipts will further influence the forecast.
- 6.4. The most significant strategic site in terms of scale is Manydown in Basingstoke where an ambitious implementation strategy is progressing with the procurement, jointly with Basingstoke and Deane Borough Council, to secure a private sector development partner. The joint venture (JV) approach being pursued represents a significant shift into a more 'commercial' arena and is intended to spread the risk and as well as deliver significant financial returns along with other agreed project objectives. A Detailed Business Case and Business Plan will be developed with the selected private sector partner from autumn 2017 which will provide greater detail of the anticipated returns or profits from the JV delivery 'vehicle' throughout the life of the project. In conjunction with the development of a detailed Business Plan, the Councils may choose to invest in assets at Manydown to ensure the pace of delivery, provide long-term stewardship and create revenue streams.

7. Construction Frameworks and Strategic Procurement Update

- 7.1. To meet the challenge of inflationary pressures and securing suitable capacity for construction the County Council continues to lead the way in the development of innovative frameworks.
- 7.2. Further to the previous report to this Panel, work is now well advanced in the design of the next generation Southern Construction Framework, which the County Council are developing in partnership with Devon County Council. The new framework is the Councils fourth generation regional framework and the aim will be to build on the success of the current model which is used by local authorities across the south and in London. The current framework will deliver approximately £4bn worth of construction work for over 60 independent user organisations. The new framework will be procured in 2018 and go live in 2019. Full details of the design and new features with this innovative procurement will be reported to a future meeting of the panel. With the exception of ESFA grant funded work, the new framework will cater for all of the Councils major construction work.
- 7.3. Over the course of this year we will also begin to utilise the ESFA's regional and national frameworks specifically for the delivery of new Free Schools which are also funded directly by them and who strongly advise the use of their frameworks when local delivery is agreed. The projects that will be procured through this arrangement are the new all through school at Horton Heath, the first stage is estimated to cost £18.5m for 1050 secondary age pupils planned to open in 2020. A second project for a new £7.3m 2FE Primary School at Boorley Green will also be procured through this arrangement. Further details are given in the separate Corporate Procurement report to this panel. The Southern Construction framework will

be used for the other major Secondary School at North Whiteley where the contractor appointment process will begin shortly.

- 7.4. Under the Intermediate Construction framework (ICF) which is for projects up to £4m, there are nine live projects to a value of £30m proceeding which contractors have appointed. The work that is being procured will deliver the bulk of the 2017/18 major projects within the Children's Services Capital Programme. These projects will benefit from the early contractor involvement including risk management and design development prior to works starting on site. The framework is currently complemented by some traditional tendering as appropriate and to boost capacity and counter availability pressure in the current market. Looking forward, a new building fabric and mechanical and electrical services minor works framework will soon be launched to cater for projects mainly up to £1m with a broad panel of suppliers appointed to complement the Intermediate Framework and significantly add to our framework capacity at this level of project. The County Council's Frameworks are the default means of procurement in line with the Standing Orders.
- 7.5. In addition to the above, new Term Contracts are about to be awarded for building fabric and mechanical/electrical maintenance work. The new contracts will cater for around £11.5m of spend annually and are split into two geographic areas (East and West Hampshire). The new contracts will cover the entire county council estate including schools and that of our Police and Fire partners. The term contracts will last five years with the option to extend by a further five years allowing the County Council to develop strong partnerships with the appointed organisations.
- 7.6. The areas have been rationalised from three to two to maximise efficiency of spend and management of costs while still maintaining flexibility should there be performance concerns.
- 7.7. The framework arrangements are seen as a key component of Property's Traded Services strategy and are an important source of additional revenue in support of the Property Services T19 transformation proposals contributing additional income to offset reductions in Cash Limited Budgets. The success of the new Southern Framework will be a key component of this strategy along side the Southern Modular Building framework and other local arrangements.

8. Construction Industry Appraisal

- 8.1. As reported to this Panel on previous occasions, inflationary pressures and market volatility remains a concern when procuring construction work.
- 8.2. The potential of the UK withdrawing from the single market and customs union when the UK leaves the EU is adding to the uncertainty in the economy and construction sector. The Royal Institution of Chartered Surveyors Building Costs Information Service (RICS BCIS) continues to model three scenarios based upon the likely impact of the Brexit outcome and other economic factors on the construction market. In the central scenario which RICS uses for forecast tender price inflation, it is envisaged

that the forecast growth will slow to 1% in 2017 before rising again in 2018 by 4.5% and then 5.6% in 2019.

- 8.3. Local market conditions as evidenced by the RICS BCIS shows that Hampshire construction costs are on average 12% more than national averages and that the gap continues to widen. This is similar to the position across the whole of the south east reflecting the strength of the market in the region and premium being paid to secure materials and labour capacity to deliver construction work.
- 8.4. A recent survey of major contractors by the RICS BCIS concludes that the majority of those responding expect to see tender prices continuing to rise over the next six months and none predicted a fall. Another recent survey by the National Association of Construction Frameworks found that there has been no noticeable immediate effect of the decision to leave the EU on the construction sector, but uncertainty and rising prices are expected to continue. The extent of the post Brexit impact is still to be realised but the impact on the cost of materials due to the fall in the value of Sterling against other currencies is now evident in our current tenders. This is also true of fuel prices which have been impacted likewise adding to cost pressures. These and other indicators point towards continuing market volatility in the medium term.
- 8.5. The County Council's Property Service leads a national cost benchmarking study of new schools. The study was funded by the Local Government Association and conducted in conjunction with the Education Building Officers Group and the Education and Skills Funding Agency who have also contributed a large sample of data. The study has now accumulated 5 years worth of data from 107 local authorities across England. The report is a valuable tool to assess national trends associated with the costs of new schools and enables all of the contributors to compare and contrast with each other. From a high level perspective, the data shows that in spite of inflation in the construction market there has been a steady reduction in costs in real terms of about 8% since 2012 although a recent return to rising prices has now occurred.
- 8.6. The County Council is using a range of such information and directly gathers market intelligence through the framework contractors, so it has the best information to make informed judgements on cost efficiencies and procurement of the projects within the Capital Programme.

9. 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.

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.

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Buildings, Land and Procurement Panel
Date:	27 June 2017
Title:	Property Services Business Review 2016/17
Report From:	Director of Culture, Communities and Business Services

Contact name: Steve Clow

Tel: 01962 847858

Email: steve.clow@hants.gov.uk

1. Executive Summary

1.1. The purpose of this paper is to provide an overview of Property Services' financial outturn position for 2016/17 and reflect on business strategy priorities for 2017/18 and beyond.

2. Contextual information

2.1. The 'Business Review 2015/16' report presented to the Panel in June 2016 set out Property Services' financial outturn position for 2015/16 and identified that Property Services had entered a period of consolidation following the significant growth in workload and services between 2011/12 and 2014/15.

2.2. In January 2016 the Panel was provided with an overview of the Property Services' Business Plan 2015 to 2020. The business plan provides financial forecasts for the 5 year period from 2015 to 2020, but recognises that there is considerable uncertainty about workload, particularly beyond 2018.

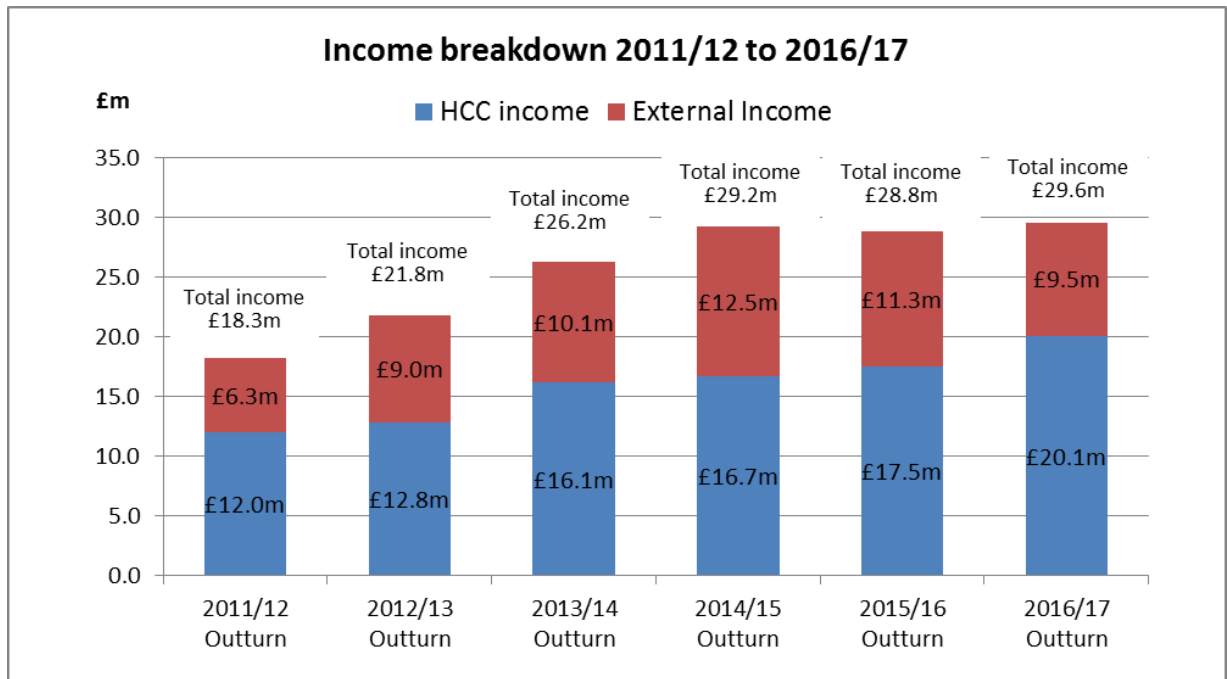
2.3. 2016/17 has seen Property Services continue to deliver significant programmes of work and professional services to both internal and external customers and clients. Key achievements include:

- Ongoing delivery of the Children's Services capital programme of additional pupil places, including feasibility work for provision of additional secondary school places;
- Delivery of significant maintenance programmes for both schools and corporate buildings, including design and procurement of 4 schemes funded through phase 2 of the government's Priority Building Schools Programme (PSPB2);
- Successful renewal of the Property Services SLA for schools on a new open-ended basis; continuing the delivery of a comprehensive service to 96% of schools in the County at a lower cost than the previous generation;

- Design and procurement of the first phase of a programme of new accommodation for adults with learning disabilities, as part of the Adult Services transformation strategy;
- Significant progress on the Strategic Land programme to promote the County Council's strategic landholdings for housing development, including allocation of the Manydown site in the Basingstoke and Deane local plan and commencement of procurement of a private sector development partner for the Manydown development project in partnership with Basingstoke and Deane Borough Council;
- The launch of the new temporary and modular building framework for public sector organisations across the South of England, as a key part of the Property Services' traded services strategy and procurement of a new Minor Works Framework to support the delivery of programmes of planned maintenance and condition improvement works for both schools and the corporate Estate;
- A number of national and regional awards and commendations including 9 winners and 5 highly commended.

3. Income

3.1. Like 2015/16, 2016/17 was a further year of consolidation, following a period of significant growth between 2011/12 and 2014/15. Total income was £29.6 million compared with £28.8 million in 2015/16 and £29.2 million in 2014/15. This is the highest ever income for the service. £20.1 million of this income (68% of the total) was from HCC programmes and projects and £9.5m (32% of the total) was from external clients, including schools.



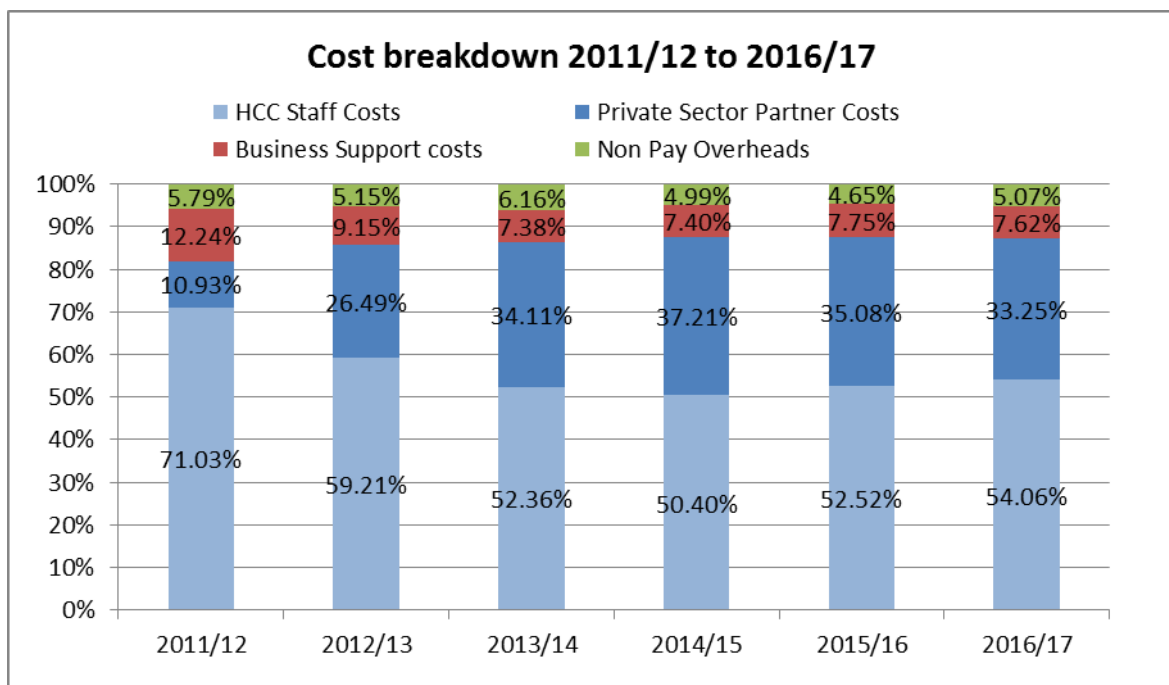
3.2. The figures illustrate a continuation of the trend of growth in workload for the County Council, in particular:

- Delivery of the Children's Services capital programme of new school places;
 - Delivery of major programmes of repairs, maintenance and refurbishment work across the corporate estate including further modernisation of office accommodation;
 - Enabling and supporting the delivery of transformation programmes in CCBS, Adult Services and Children's Services, through effective and innovative use of property and assets;
 - Progression of the planning and development strategy for the County Council's strategic land holdings;
- 3.3. Income from external clients reduced in 2016/17 compared with 2015/16, following the substantial completion of the schools capital programme delivery for Surrey County Council in 2015/16 and the more recent completion of a £60m schools capital programme for Reading Borough Council through the Reading Hampshire Property Partnership.
- 3.4. Reducing the volume of capital project delivery we undertake for external clients was part of the traded services strategy set out in 2014 to ensure that we have been able to focus resource to meet the demands of the County Council's growing programme of capital and asset transformation projects at a time of skills and capacity shortages in the wider construction industry.
- 3.5. However, as set out in our 2015 to 2020 Business Plan, Property Services remains committed to maintaining external business in order to retain skills and capacity, deliver value in the wider public sector and make a financial contribution to overheads for the Council.
- 3.6. During 2016/17, Property Services continued to develop the Joint Working arrangements with the Office of the Police and Crime Commissioner and Hampshire Fire and Rescue Service with a focus on making stronger links between the Property and Facilities Management services.
- 3.7. The ongoing joint working arrangement with the Isle of Wight Council and Property Services' experience gained from working with the Education Funding Agency (EFA) to secure and deliver significant investment in four schools in Hampshire as part of the government's Priority Schools Building Programme, has resulted in a commission to manage and deliver a further seven PSPB2 schemes on the Isle of Wight with a total value of £20 million.
- 3.8. Property Services also continues to develop and offer a range of specialist services, such as heritage architecture, where we continue to support a wide range of clients to shape strategies, secure funding and deliver good quality successful projects. Currently this includes schemes to develop and enhance visitor attractions for Portsmouth City Council, Portsmouth Historic Dockyards and the Museum of Army Flying. Such work builds our reputation and portfolio of external clients and projects and also contributes to the County Council's strategic priority of enhancing Hampshire as a place.
- 3.9. Developing and managing a range of local and regional construction frameworks continues to be a key part of our traded services strategy,

ensuring delivery capacity for the County Council’s programmes as well as for other public sector organisations across the south of England, generating additional income through levy arrangements. 2016/17 saw the launch of a new regional arrangement for temporary and modular buildings and the commencement of planning for the next generation major construction framework.

4. Costs

- 4.1. Property Services continued to exercise strong financial management throughout 2016/17 to ensure that costs were in line with income.
- 4.2. Resource costs continue to account for around 85% of total costs, with a continuation of the last two years’ trend of a slight increase in the proportion of directly employed resource.



- 4.3. Non pay overheads and business support costs continued to be tightly managed. However, additional investment was made in 2016/17 for the further implementation of new design software which supports the application of Building Information Modelling (BIM) on larger projects in line with Government policy and modernisation of the technologies in this service.

5. Resources

- 5.1. Resource demand continues to be met through a ‘mixed economy’ approach of recruitment to new permanent and temporary posts and resources secured through the strategic partner arrangements established jointly with the Director of Economy, Transport and Environment in 2014. This level of strategic partner resource ensures that Property Services continues to be able to flex its capacity to match the fluctuating demand and also access a range of specialist skills that complement our in-house teams.

- 5.2. New staff are recruited where the longer term workload forecast identifies a need and capacity is available within the market. This approach ensures that we maintain the core capacity and capability whilst building new skills where these are required to meet the needs of the wider organisation.
- 5.3. It continues to be challenging to recruit and retain certain professional disciplines. Investment in the formal and on the job training and development of staff plays an important role in being able to attract and recruit new staff, particularly those at the beginning of their careers. In support of this, Property Services is seeking to make use of the new Apprenticeship Levy to subsidise course fee costs of staff who are undertaking relevant degree qualifications, with a number of staff due to start relevant accredited courses in the autumn.

6. Future proposals

- 6.1. A recent review of the challenges and opportunities for Property Services identified the convergence of a number of key internal and external drivers that will, or have the potential to, impact on the scope and scale of services we deliver. These include:
- The integration of the office accommodation (previously Workstyle) and Facilities Management (FM) functions with Property Services as part of the T17 savings;
 - The further revenue savings to be achieved by 2019 across all these functions;
 - The impact of the Government's free school strategy and the ESFA's lower cost school model on the current delivery model for new school places;
 - The academisation of schools and the pressure in schools' revenue budgets;
 - Changes in our client base and workload with an increased focus on joint and partnership working and enabling service transformation and revenue savings through innovative asset solutions;
 - Capacity, performance and cost challenges in the wider construction industry
- 6.2. By considering the combination of these factors, it was apparent that it will be necessary to adapt Property Services' current operating model to ensure that we continue to respond to challenges and capitalise on new opportunities that align with the County Council's strategic priorities. We have therefore embarked on a full review of our operating model referred to as 'Property Futures'.
- 6.3. Through Property Futures, we aim to:
- Gain agility and flexibility to prepare for the future and enhance our resilience;
 - Use our strong reputation and capability to enable and deliver change that meets the County Council's strategic priorities;

- Fully integrate the additional services recently added to the portfolio;
 - Maximise on opportunities for income generation and efficiency to contribute to T19 savings;
 - Gain financial security for the future;
 - Provide challenging and rewarding careers in order to recruit and retain staff.
- 6.4. The Property Futures project will run until the end of 2017 and will be followed by a period of implementation and benefits realisation through 2018/19.
- 6.5. In parallel with the Property Futures project, the service will continue to work closely with County Council colleagues, joint working partners and other public sector organisations to ensure the most effective use of the County Council's built estate. We continue to aim to shape and deliver innovative, financially advantageous and sustainable property and asset solutions.
- 6.6. We expect income from external clients to reduce further in 2016/17, but we will continue to seek to grow new traded services where these support the delivery of public value within the Hampshire geographic area or generate additional income that is beneficial to the County Council. This will ensure that we maintain the breadth and depth of skills and capacity within the service and continue to make a significant contribution to overheads, reducing the overall cost of the service to the County Council and the cost of managing its built estate.

7. Conclusion

- 7.1. 2016/17 was another successful year for Property Services. Shaping, enabling and delivering the County Council's key programmes of work continues to account for a growing proportion of the workload, but the services also continues to generate external income through joint working arrangements with a variety of partners including schools, academies, police, fire, Reading Borough Council and the Isle of Wight.
- 7.2. The convergence of a number of factors has identified the need for a wide ranging review of Property Services' operating model to ensure that it has the agility and flexibility to respond to future challenges and opportunities and maintains a robust financial model that drives efficiency and delivers revenue savings in line with the Transformation to 2019 targets.

8. Recommendations

- 8.1. That the Panel notes the successful outturn for Property Services in 2016/17.

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):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
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<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equality Duty

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

Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;

Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;

Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

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

The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;

Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;

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 has no impact on those with protected characteristics as it is a report outlining the financial position of the Property Services function in 2016/17.

2. Impact on Crime and Disorder:

- 2.1. This report has no impact on crime and disorder as it is a report outlining the financial position of the Property Services function.

3. Climate Change:

How does what is being proposed impact on our carbon footprint / energy consumption? No impact.

How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? No impact – a report on financial outturn.

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Buildings, Land and Procurement Panel
Date:	27 June 2017
Title:	Southern Respite Unit, Locks Heath
Report From:	Director of Culture, Communities and Business Services

Contact names: Steve Clow

Tel: 01962 847858

Email: steve.clow@hants.gov.uk

1. Executive Summary

- 1.1. This report seeks approval to the project proposals for the provision of a new permanent Respite Care facility for Adults with Learning and Physical Difficulties in Locks Heath, at an estimated total cost of £3,695,000.
- 1.2. The project funding was approved as part of the updated business case for the Adults and Social Care Learning Disability Transformation Programme by the Executive Member for Policy and Resources on 9th March 2017
- 1.3. The purpose of this paper is to obtain spend and procurement approval for contracting activity associated with the project.
- 1.4. The project forms part of the Learning Disability Transformation Programme which was approved by the Executive Member for Adult Social Care on 16 May 2011, transforming the delivery of residential, respite and day services for this client group.

2. Scope of Work

- 2.1. It is proposed to locate the Southern Respite Unit on County Council owned land in Locks Heath, adjacent to Locks Heath Day Service.
- 2.2. Funding for the project was approved at the Executive Lead Member for Policy and Resources Decision Day on 9th March 2017 and this report outlines the available budget from within which the project must be designed and delivered.

3. Contextual Information

- 3.1. The site is located in Locks Heath, adjacent to Locks Heath Day Service, owned and operated by the County Council.
- 3.2. It is proposed that the works are procured through two separate contracts – a highways framework contract for an access road, ahead of a traditional tender process for the main building works. It is anticipated that works will commence on site for the access road during October 2017 followed by

the main building works in January 2018. The works are anticipated to complete during November 2018.

- 3.3. It is proposed that the contractor will access the site via the newly formed access road, extending the current access road to the day service. The contractor's compound will be located at the termination of the access road, on the future car parking and turning areas of the new proposal.
- 3.4. No deliveries or movements of vehicles will take place whilst users of the day service are being dropped off or collected, in order to avoid traffic conflict during these peak times.
- 3.5. The adjacent day service will remain in use during the construction period and local management arrangements will be put in place to manage the health and safety impact to all users.

4. Finance

4.1. Capital Expenditure:

The Capital Expenditure has already been approved; the following tables outline the breakdown of its distribution across the project:

Capital Expenditure	Current Estimate £'000	Capital Programme £'000
Buildings	3,172	3,172
Fees	523	523
	3,695	3,695

Sources of Funding:

Financial Provision for Total Scheme	Buildings £'000	Fees £'000	Total Cost £'000
1. From Own Resources			
a) Capital Programme (as above)	2,893	477	3,370
2. From Other Resources			
a) Developer's Contribution	279	46	325
Total	3,172	523	3,695

a) Building Cost:

Net Cost = £3,465 per m²
Gross Cost = £4,054 per m²

b) Furniture & Equipment:

Included in the above figures is an allocation of approximately £129,540 for the provision of all loose furniture, fittings, equipment and I.T. (inclusive of fees).

4.4 Revenue Issues:

a) Overview of Revenue Implications:

	(a) Employees £'000	(b) Other £'000	(a+b) *Net Current Expenditure £'000	(c) Capital Charges £'000	(a + b + c) Total Net Expenditure £'000
Revenue Implications Additional + / Reductions	0	0	0	203	203

b) Energy Consumption:

The estimated annual energy consumption for the new accommodation will meet that required by current Building Regulations.

5. Risk & Impact Issues

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

6. Details of site and existing Infrastructure

- 6.1. The existing site is vacant, except for the Day Service building. The proposal lies to the North East of a larger site area owned by the County Council, the remainder of which has been allocated for residential use under Fareham Borough Council's Local Plan. An outline planning application for approximately 70 dwellings is being prepared on the adjacent land and there has been close liaison between design teams to coordinate the proposals.
- 6.2. Access to the site will be from a newly constructed road, in advance of the main building works contract. The cost of the access road will be reimbursed as part of the sale of the remaining County Council site (noted under 'developer contributions' in table 4.2).
- 6.3. The existing mains services and drainage infrastructure at the site will be sufficient to accommodate the project proposals.

7. Scope of the Project

- 7.1. The proposed building is designed to provide planned short term breaks for adults with physical and learning disabilities in order to support their families and carers. The respite care facility will be able to provide short term accommodation for up to 8 guests and will be operated by up to 6 members of staff, dependant on the level of care required.
- 7.2. The proposed Respite Unit provides the following accommodation:
- 8 bedrooms for residents
 - 4 shared accessible bathrooms
 - Accessible toilet facilities
 - Staff bedroom and en-suite facilities
 - Living room
 - Kitchen and store
 - Office
 - Sensory Room
 - Quiet Lounge
 - Stores and plant room

8. The Proposed Building

- 8.1. The materials have been selected to reflect the residential nature of the surrounding area, whilst also creating a distinctive and welcoming environment for residents, visitors and staff.
- 8.2. External walls will be facing brickwork and timber cladding, with a combination of tiled pitched and high performance roofs. There will be aluminium windows and canopies in selected locations for shelter and shade.

9. External Works

- 9.1. The Unit will provide a safe, high quality and comfortable temporary home for users. Privacy will be important due to the sensitivities of users' needs.
- 9.2. The external spaces to the scheme can be divided into two:
- a) To the front the space will form a welcoming environment, whilst catering for parking of both staff and visitors, parking for a minibus, and a drop off point to the main entrance with easy access for wheelchair users.
 - b) To the rear, the provision will be flexible to provide a wide range of activities to reflect the range of user needs and interests; quiet and calming environments and facilities to accommodate small scale social events.
- 9.3. A number of trees will need to be removed in accordance with the Arboriculturalist's report recommendations. However their loss will be mitigated by new areas of planting around the site. There are a number of trees on site subject to preservation orders and these will be retained.

10. Car Parking

10.1. The project will provide car parking on the site which will be appropriate for this type of accommodation. Nine parking spaces, including one accessible parking space, will be provided. One of these spaces will accommodate the unit's minibus.

11. Planning

11.1. A planning application will be submitted for the project, including the access road, in June 2017

12. Building Management

12.1. The future building management arrangements will be put in place upon completion.

13. Professional Resources

Architectural	- Culture, Communities & Business Services
Landscape	- Culture, Communities & Business Services
Mechanical & Electrical	- Culture, Communities & Business Services
Structural Engineering	- Culture, Communities & Business Services
Quantity Surveying	- Culture, Communities & Business Services
Principal Designer	- Culture, Communities & Business Services
Drainage	- Economy, Transport and Environment

14. Consultations

14.1. The following have been consulted during the development of this project and feedback can be seen in overview in Appendix C:

Respite Unit Managers, users and their families and care staff
Adult Services
Executive Member for Adult Social care
Local County Councillor
Fire Officer
Access Officer
Planning Department
Archaeologist
Arboriculturalist
Ecologists
Highways
Local Residents

15. Recommendations

That the Buildings, Land and Procurement Panel make the following recommendations to the Executive Member for Policy and Resources:

- 15.1. That the Executive Member for Policy and Resources gives approval to the project proposals for the Southern Respite Unit, Locks Heath, at an estimated total cost of £3,695,000.
- 15.2. That the Executive Member for Policy and Resources grants procurement and spend approval for contracting activity associated with the project, including letting of advance enabling works contract for the highways access, as outlined in Section 3.2 of this report.

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

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
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RISK & COMBINED IMPACT ASSESSMENT:

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- 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. Equality Impact Assessment:

- a) A new build respite care home for adults with learning and physical disabilities providing respite care for the users' carers, parents or guardians for short term breaks of one night to two weeks.
- b) All adults eligible for care with a learning or physical disability are catered for by the provision of this service which is an improvement of the existing respite care facilities at Croft House.

Crime Prevention Issues:

- 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 the prevention of crime and disorder in the County. The proposals in this report have no impact on the prevention of crime.

3. Fire Risk Assessment

- 3.1. Sprinkler systems shall be installed in new and refurbished buildings where appropriate, based upon a risk assessment methodology.

- 3.2. With respect to fire safety and property protection, the proposals have been risk assessed in line with the agreed Property Services procedures, and confirmed that the provision of sprinklers is required in this instance.
- 3.3. The proposals will meet the requirements of the Building Regulations including enhancements beyond minimum provision, and are consistent with current fire safety legislation, the partnership arrangement with Hampshire Fire and Rescue Services, and are in line with the County Council's policy to manage corporate risk.
- 3.4. The project proposals include the following fire safety and enhanced features:
- Sprinklers throughout
 - Additional automatic fire protection, with full (24/7) remote monitoring.
 - External finishes specified as fire resistant.
 - Reduced fire compartment sizes.
 - Consideration of secure by design principles including specific site security, bin storage away from building, external lighting etc.

4. Health and Safety

- 4.1 Design risk assessments, pre-construction health & safety information and a Health & Safety File will be produced and initiated in accordance with the Construction Design and Management Regulations for the proposed scheme.

5. Climate Change:

- 5.1. The project will incorporate the following sustainability features:
- A highly insulated building envelope for the extension including high performance windows, doors and roof lights to reduce energy consumption.
 - A site waste management plan will be developed to ensure that during construction the principles of minimising waste are maintained.
 - Energy efficient lighting and heating controls, as each light fitting will be day-light linked with absence detection to ensure the minimum energy is used.
 - External lighting to provide safe access and emergency escape routes that will be carefully designed to prevent light pollution to avoid nuisance to residential properties.
 - Low water-consumption sanitary installations.
 - Natural ventilation to main spaces with night-time cooling strategy.
 - Provision of good levels of day lighting to reduce the need for artificial lighting and energy use.
 - Solar controlled glass will be installed to south facing windows to assist in the control of solar gain.
 - Strategic placement of extended roof canopies above large glazing areas to avoid summer time overheating.
 - Strategic placement of solar shading over large glazing areas to avoid summer time overheating.

In line with HCC policy the extension will include appropriately sized Photovoltaic Solar Panels.

The use of timber from sustainable sources.

FEEDBACK FROM CONSULTEES:**OTHER EXECUTIVE MEMBERS:**

Executive Member & Portfolio	Reason for Consultation	Date Consulted	Response:
Councillor Liz Fairhurst Executive Member for Adult Social Care	Portfolio Holder	31.05.17	

OTHER FORMAL CONSULTEES:

Member/ Councillor	Reason for Consultation	Date Consulted	Response:
Councillor Keith Evans	Local Member for Fareham	31.05.17	Councillor Evans has requested a briefing which is arranged with Officers for 19.06.17.

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**Adult Services
LD Transformation
Southern Respite Unit
Locks Heath
Proposed Site & Building
Plans**

Key

- 1. entrance hall
- 2. lounge
- 3. offices
- 4. kitchen
- 5. dining
- 6. sensory
- 7. WC
- 8. plant
- 9. store
- 10. staff bedroom
- 11. bedroom
- 12. bathroom
- 13. larger bedroom
- 14. laundry
- 15. cleaner
- 16. quiet lounge
- 17. bins
- 18. patio

— Site Boundary of new Respite Unit

— Current HCC ownership

— Third party ownership

— Unknown ownership

▶ Pedestrian Access

▶ Vehicular Access

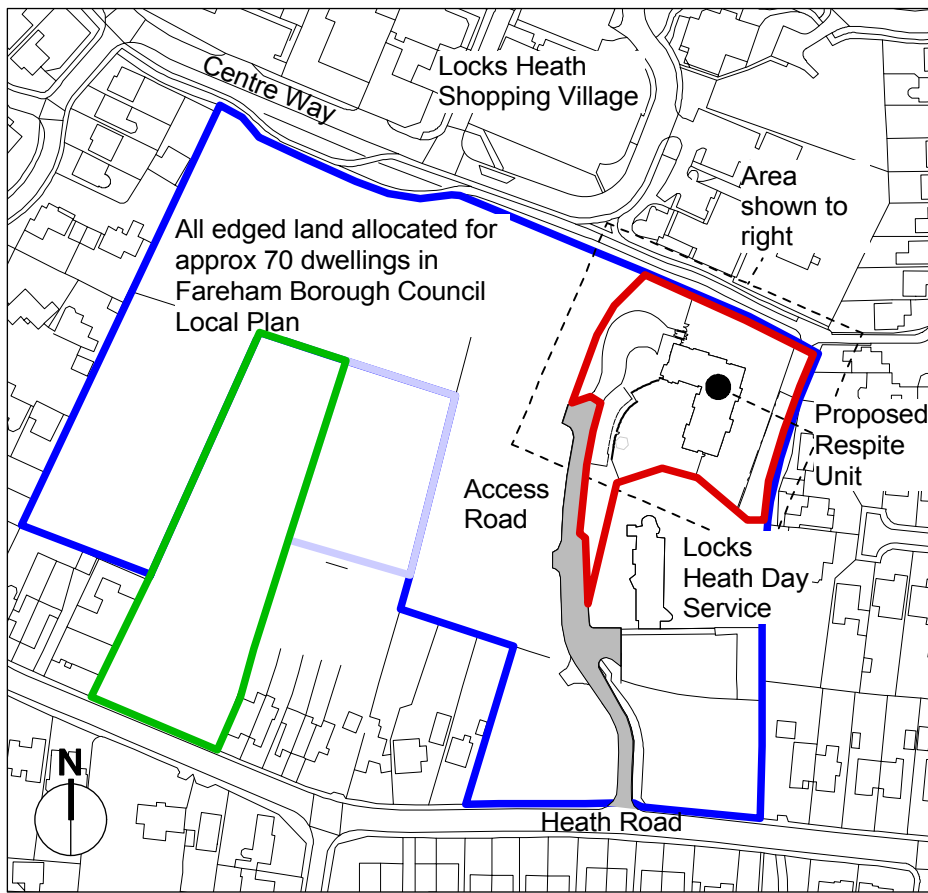
▶ Contractor Access

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100019180.

Not to Scale

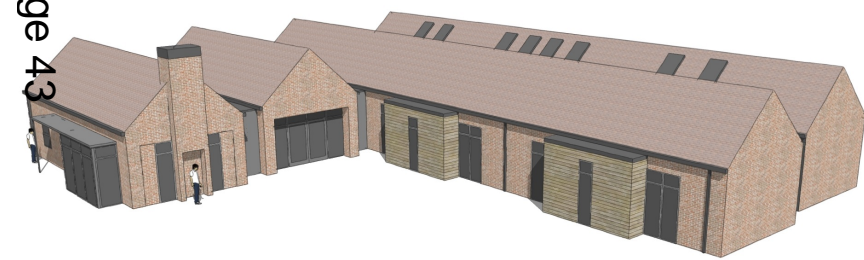
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May 2017



Existing Site Location Plan

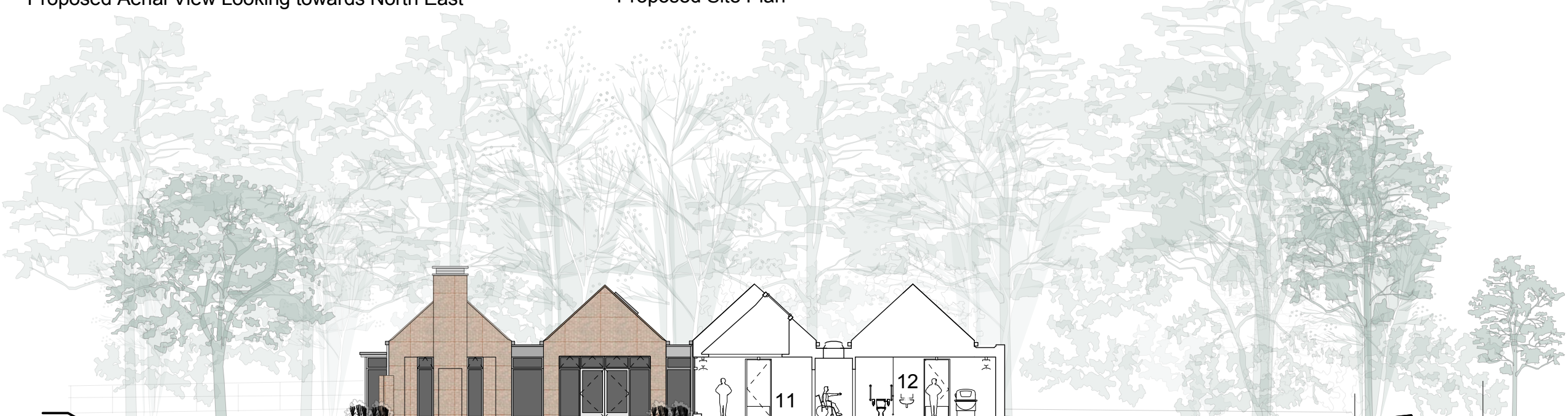
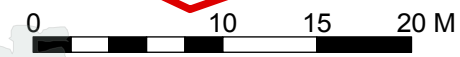
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Proposed Aerial View Looking towards North East



Proposed Site Plan



Proposed South Elevation and Section through Bedroom and Bathroom

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HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Buildings Land and Procurement Panel
Date:	27 June 2017
Title:	Energy and Carbon Management Programme Update
Report From:	Director Culture, Communities and Business Services

Contact name: Steve Clow, Assistant Director Property and Facilities

Tel: 01962 847858

Email: Steve.clow@hants.gov.uk

1. Introduction

1.1. In 2010, the County Council's Cabinet approved the Carbon Management Strategy. This set out targets for the short, medium and long term as follows:

- Phase 1: Short term 2010–2015 20% reduction (target exceeded)
- Phase 2: Medium term 2015–2025 40% reduction (on target to exceed)
- Phase 3: Long term 2025-2050 Carbon neutral

1.2. This report updates Members on progress towards delivering these targets and describes a series of Energy Programmes which have successfully exceeded the Plan to date, delivering significant energy cost reductions.

1.3. The report also recommends further Phases of Energy Programmes, taking particular advantage of technological developments, and which can be funded from budgets set aside for this work.

2. Carbon Management Strategy – Progress to date

2.1. Against a target of a 20% reduction in the first phase of the Programme running from 2010–2015, the following was achieved; exceeding the target by around 3%:

Phase 1: 2010 – 2015	
Carbon reduction target	20%
Carbon Reduction Achieved	22.8%
Carbon emissions in 2010	131,800 tonnes
Carbon emissions in 2015	101,750 tonnes
Energy Cost saved over period	£29m (over 5 years)
Carbon Tax saved over period	£200,000

2.2 In June 2016, the Panel supported recommendations from the Director of Culture, Communities and Business Services to focus Phase 2 of the Carbon Strategy on buildings in the Corporate Estate, street lighting and officer travel.

2.3 Phase 2 of the Programme from 2015–2025, aims to reduce 2010 levels by 40% and progress in the first year of the Plan were as follows:

Phase 2: 2015 – 2016	
Carbon reduction target	40%(from 2010 levels)
Carbon Reduction Achieved	35.8%
Carbon emissions in 2015	54,200 tonnes
Carbon emissions in 2016	34,813 tonnes
Energy Cost saved over period	£900,000 (over 1 year)
Carbon Tax saved over period	£70,000

2.4 Members need to be aware that these figures are not weather corrected and exceptionally mild or cold winters will affect the energy use and carbon emissions. It is therefore more appropriate that the data trend is considered over a number of years, rather than taking a single year in isolation.

Progress for the 2016/17 Energy year will be reported to a future meeting of the Panel once analysis of meter data is concluded.

Carbon reduction activities update

2.5 In order to continue the downward pressure on energy use and carbon emissions, the Director of CCBS has developed and delivered a number of programmes of work across the corporate estate.

2.6 Programmes of work to install LED lighting, improve draught proofing and insulation levels across the corporate estate – Energy Performance Programmes (EPP) Phases 1 & 2 – have been successful in helping to reduce energy consumption and lower carbon emissions. Building on these Programmes, EPP Phase 3 is being designed and delivered and is taking advantage of Salix Loan Funding to maximise the impact of the Council's investment.

The following table summarises the projected outcomes of Phase 3:

EPP3 Phase 3 expected outcomes					
Total investment	HCC Investment	Salix Funding	Carbon Reduction (tonnes)	Energy Saved (kWh p.a)	Energy Cost Reduction
£737,000	£365,000*	£352,000	366	840,000	£83,000

*This is a combination of Energy Fund (£250,000) and Policy and Resources Capital

Solar PV Programme

- 2.7 The County Council has installed, or plans to install, a total of 63 arrays generating around 890,000 kWh with energy savings of approximately £98,000 and a reduction in carbon emissions of 475 tonnes per annum. These comprise the following:
- Corporate Buildings: 21 arrays generating around 460,000 kWh p.a. funded from a £1m solar PV budget previously approved
 - Schools (New builds and major extensions): 22 arrays complete or in progress, generating around 230,000kWh p.a.
- 2.8 In addition to the cost savings, the County Council will receive revenue from Feed in Tariffs of around £40,000 per annum. This is being used to offset resource costs to manage the on-going programmes of work.
- 2.9 The Director CCBS has also supported the Eco-Schools PV Programme to install 20 arrays generating around 200,000 kWh p.a. helping these schools to lower their energy bills and reduce their carbon footprint.

Support to schools

- 2.10 The Director of CCBS launched a Schools' Energy Performance Programme in the autumn term which has already generated substantial interest from schools across the County. Like some of the corporate EPP Programmes, this will be funded entirely through the Salix Loan scheme with no capital investment required from schools. The loan will also cover the professional fees for the design, delivery and programme management. 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 will increase the number of measures which are viable.

Corporate Solar PV

- 2.11 Following the substantial reduction in the Feed in Tariff in January 2016, the business case for solar PV has been adversely affected with payback periods extended to over 12 years from around 8 - 9 years for larger arrays prior to the cut in tariffs. Consequently, the market has taken some time to adjust and officers are reviewing the business case in the context of the reduced tariff and the market development. Members are reminded that, in terms of return on investment, solar PV is a lower priority now the Feed in Tariff has been reduced and the cost per tonne of carbon saved was always less efficient than an Energy Performance Programme (EPP), for example.

3 Proposed Future Energy Programmes

- 3.1 Since the last meeting of the Panel, the Director of CCBS has progressed a number of feasibility studies and outline business cases on the following:
- A further major phase of LED lighting replacement in the corporate estate
 - The provision of a network of Electrical Vehicles (EV) charging points
 - The phased replacement of the existing fossil fuelled fleet of County Council vehicles with electric
 - Investigation and feasibility studies into the use of innovative Battery Storage Technology
- 3.2 A fund for Energy Programmes has been set aside and was originally identified for investment in a District Energy Project in Winchester. Subsequently, a significant amount of feasibility work was undertaken but the inability of public sector partners to commit to the project made it unviable and it was set aside until the position changed. Currently, there is still no change in the position and it is therefore proposed to make use of this fund to invest in viable programmes which will:
- Deliver significant revenue savings in energy and fuel use contributing to much needed cost reductions on a recurring basis
 - Provide a Return on Investment (RoI) that is within acceptable timescales
 - Demonstrate the County Council's leadership in the field of energy management and carbon reduction
 - Grow the County Council's expertise in this sector, enabling opportunities to provide traded services to other public organisations
 - Make contributions to reduce fossil fuel use, lower carbon emissions and cleaner air
- 3.3 It is recommended that two further Phases of Energy Programmes are progressed committing £2.80m of the remaining £3.83m Energy Fund from Policy and Resources budgets.

4 EPP Phase 4

- 4.1 Phase 4 of the EPP Programme is at the feasibility stage. It is recommended that the professional resources continue to be committed to this work funded from the Energy Budget and 30,000 revenue costs are made available to the Director of CCBS.
- 4.2 £1.72m is recommended from the Policy and Resources Energy Budget to fund a programme of LED lighting replacement and the provision of EV charging points.

LED Lighting Replacement

- 4.3 LED lighting technology has advanced considerably and costs of purchase continue to fall. Early phases of lighting replacement in the corporate estate have proved to be very effective with energy reductions of up to 70% achieved. The estate currently has an array of aging light fittings which are inefficient and require regular costly maintenance. It is proposed to undertake a comprehensive programme to replace up to 75% of the existing fittings. An outline business case demonstrates that for an estimated investment of £1.62m there will be:
- 1.4m kWh of energy saved per year
 - 750 tonnes of carbon emissions reduction
 - Total revenue savings of over £240,000 per year from both energy reduction and reduced maintenance costs
 - A simple Return on Investment (RoI) of around 6.6 years
- 4.4 The benefit of undertaking a comprehensive programme is that the more costly replacements can be balanced against the more economic ones to deliver a viable average RoI.
- 4.5 As with previous phases of EPP, the potential use of Salix Loans will be considered where feasible. For this to be applicable, the RoI must be less than 5 years.

Electric Vehicle (EV) Charging Points

- 4.6 The Panel has endorsed a feasibility study for a network of EV charging points. A formal market enquiry was published in February 2017 to gather intelligence from suppliers and investigate options for operation and ownership. A sustainable network of EV charging points is an essential step in supporting the switch to electric vehicles from fossil fuel power. The Council can take a lead in this technology and has land and assets across the County which are well located.
- 4.7 It is proposed to use a combination of Council funding and private sector investment to increase the deployment of charge points. An income will be derived from use which will return the initial investment to the Council. The risk and liability of the charging points will be placed with the supplier and an income will be achieved from profit sharing and a small tariff from other public sector organisations accessing the network.
- 4.8 A number of other public bodies have expressed an interest in using the network and it is proposed to procure a framework to facilitate additional charging points across Hampshire and, potentially, neighbouring Authorities.
- 4.9 It is recommended that the County Council commits £100,000 as its share of the investment. An outline business case demonstrates this will:

- Deliver around 40 new charging points (in addition to the 14 already owned by HCC)
- Provide an average annual revenue income of around £24,000
- Deliver a Return on Investment of around 8 years

5 EPP Phase 5

- 5.1 A further phase of energy projects are at an earlier stage of development. It is recommended that the professional resources continue to be committed to these and that the work is funded from the Energy Budget. Revenue costs of £50,000 from the Cost of Change funding are requested for the Director of CCBS to advance design and procurement of Electric Vehicles and Battery Storage Programmes.
- 5.2 A further £700,000 is recommended from the Energy Budget to be committed by the Director of CCBS in consultation with the Executive Member for Economic Development as costs and timescales become firm.

Electric Vehicles

- 5.3 It is proposed to convert the County Council's fleet of vehicles from diesel to electric on a phased basis and where economically viable to do so. This will follow on from the provision of charging points in EPP Phase 4.
- 5.4 The time is now right to embark on an EV Programme as the investment costs and significant fuel price savings make an economically compelling case. The Council has over 500 operational vehicles. Currently, the larger vehicles are not yet suitable as the purchase price for an EV equivalent is prohibitive compared to conventional diesel. However, the fleet of smaller vans and cars consisting of 156 service vehicles and 23 shared pool cars are suitable.
- 5.5 Significant feasibility work and market research has been undertaken leading to the preparation of an outline business case. It is recommended that £300,000 funding is committed from the Energy fund for Electric Vehicle leasing, together with £30,000 of revenue from the Cost of Change funding for the Director of CCBS to manage and establish the projects.
- 5.6 Market research has identified that the current lease costs of diesel and electric are comparable. It is the significant fuel saving that makes the business case so compelling. An Electric Vehicle costs around 97% less to 'fuel' than an equivalent diesel. An initial investment of £300,000 in 179 vehicles is estimated to deliver over £210,000 of revenue savings every year. The simple Return on Investment is less than 2 years.
- 5.7 A number of events are planned to raise the profile of our EV Programmes including a conference for public sector organisations to meet the industry and learn more about current technologies. This is being hosted by the County Council on 03 July 2017.
- 5.8 In parallel with this programme of works, staff engagement and a communication plan is proposed. It is also proposed to introduce a

corporate standard for vehicle leasing to ensure that EV is the default requirement.

- 5.9 Notwithstanding the economic benefit of an EV fleet, there are also wider reputational and leadership opportunities together with contributions to reduced vehicle emissions and cleaner air.

Battery Storage Technology

- 5.10 The pace of innovation and technological change in this area is accelerating. Feasibility work is underway to ascertain where such technologies could be used to economic advantage and reduce revenue costs. It is recommended that further research and feasibility work is undertaken together with prudent trials of battery technologies to ascertain the technical viability and economic Return on Investment.

- 5.11 Smart tariffs for electric consumption are expected to be introduced in the future. Consumers will pay a higher cost for drawing power at peak times and, conversely, a lower cost for off peak. Battery storage allows for peaks to be smoothed by drawing power at lower cost and subsequently discharging either for direct use or into the grid at peak times.

- 5.12 It is proposed to develop two projects for battery storage:

- Local Battery Storage – this can be installed either in conjunction with existing Solar PV arrays to store surplus energy or to reduce energy costs by purchasing at off peak tariffs
- Bulk Battery Storage – taking advantage of Smart Tariffs to purchase energy at lower cost and discharge it at higher cost. The difference between the two creates a saving and thereby a capital return on the investment. These can be accommodated in a building or subsequently connected to a sub-station adjacent to HCC assets.

- 5.14 It is recommended that £100,000 is committed for a local trial of storage in two locations and that, subject to a viable business case, up to £400,000 for local and £200,000 for Bulk Battery Storage is earmarked from the Energy Budget. Subject to a positive business case it is recommended approvals be delegated to the Director of CCBS in consultation with the Executive Member for Economic Development.

6. Recommendations

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

- a. Good progress on the Carbon Management Plan Phases 1/ 2 and the Energy Performance Programmes Phases 1-3 delivering estimated cost savings of £29.9m is noted.
- b. That £80,000 of resources from the Cost of Change fund is used to provide the necessary professional resources in Property Services to develop feasibility studies, designs and procurement strategies for Phases 4 and 5 of the Energy Programmes

- c. That £2.72m of resources is committed from the Policy and Resources Energy Budget to deliver:
- A further major programme of LED replacement lighting in the corporate estate
 - Installation of a network of Electrical Vehicle charging points
 - Conversion of the small vehicle service fleet and staff pool cars from diesel to electric on a phased basis
 - A programme of Local and Bulk Battery Storage subject to a positive business case and viable Return on Investment

The above is currently estimated to deliver an annual saving of at least £450,000 per year on a recurring basis.

- d. Approval be given to the procurement and spend in relation to the Energy Programmes in this report
- e. The Director of CCBS be given delegated authority to commit resources and let contracts for Phases 4 and 5 Energy Programmes in consultation with the Executive Member Economic Development
- f. The economic, social and reputational benefits of continuing to take a lead in design and delivery of innovative energy programmes is noted

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

Hampshire safer and more secure for all:	yes/no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes/no
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes/no
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:

The proposals in this report will have no effect on groups with protected characteristics. Energy Programmes have the potential to improve the environment in buildings and reduce vehicle emissions to the benefit of staff and residents.

6 Impact on Crime and Disorder:

6.1 There is no impact on Crime and Disorder.

7 Climate Change:

7.1 The Carbon Management Programme continues to have a positive impact by reducing carbon emissions and energy consumption.

HAMPSHIRE COUNTY COUNCIL

Report

Committee/ Panel:	Buildings, Land and Procurement Panel
Date:	27 June 2017
Title:	Corporate Procurement and County Supplies Contracting Activity and Approvals for 2016/17
Report From:	Director of Culture, Communities and Business Services

Contact name: David Cooke

Tel: 01962 667808

Email: david.j.cooke@hants.gov.uk

1. Executive Summary

1.1. The purpose of this report is to present the relevant procurement approvals in relation to various contracts as listed in Appendix 1. This approval request is in accordance with the County Council's Contract Standing Orders and Constitution.

2. Background

2.1. The County Council's Contract Standing Orders (CSO) requires that 'The commencement of a procurement process for a Contract is subject to the prior approval of the relevant decision maker who has the authority to give such approval under the Constitution.' This report requests approval to procure and spend for contracts which require approval by the Executive Member as they have a value, or estimated value, in excess of £1 million.

3. Overview Procurement Activity Requiring Approval

3.1. The programme of procurements contained within this report includes arrangements for use by the County Council, Hampshire Constabulary and Hampshire Fire and Rescue Service, schools and other external partners and customers, with a total estimated value over £1 million. Contracts with a total value of under £1 million are approved by the relevant budget holder under the scheme of delegation.

3.2. Some of the approvals in this report are revisions to existing approvals because the estimated value and/or the procurement approach has been amended. These amendments are due to contract strategy changes or a more appropriate procurement approach being developed and to allow for transition and continuity with current service user delivery requirements.

3.3. In addition this report seeks approval to the procurement of new Free Schools in Hampshire. Because the principle funding of these new schools is

Education Funding Agency (EFA) grant, the procurement is linked to the use of EFA's construction frameworks. Further details are given in Appendix 1.

- 3.4. Whilst all the latest finalised procurement is included in this report, further procurement projects are planned during the coming year. Once fully developed, these proposals will be reported to this Panel prior to seeking Executive Member for Policy and Resources approval.

4. Recommendations

That the Buildings, Land and Procurement Panel make the following recommendations to the Executive Member for Policy and Resources:

- 4.1. That procurement and spend approvals, as appropriate, be given for the contracts as detailed in Appendix 1.

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

Hampshire safer and more secure for all:	No	
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):		
Other Significant Links		
Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
None		
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	
None		

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

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

IMPACT ASSESSMENTS:

1. Equality Duty

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- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
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- 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 seeks approvals for procurement and spending on individual projects and therefore an Equalities Impact Assessment has not been considered necessary in the development of this report.

2. Impact on Crime and Disorder:

The County Council has a legal obligation under Section 17 of the Crime and Disorder Act 1998 to consider the impact of all decisions it makes on the prevention of crime. The proposals in this report have no impact on the prevention of crime.

3. Climate Change:

Positive impact on climate change will be considered at the time each of the projects is reported for approval. This report seeks solely procurement approvals and it is not appropriate to set out specific impacts on climate change for each individual item.

<p>Project Title Brief project description (including scope of project, customer, procurement route, other relevant bodies)</p>	<p>Contract / framework term & Start date</p>	<p>Anticipated HCC value/Increased value</p>	<p>Anticipated Total Value/ Contract Value</p>	<p>Approval required / project update</p>
<p>Vehicle Spares and Consumables Contract</p> <p>A Collaborative Contract for vehicle spares and consumables is proposed to include Hampshire County Council, Hampshire Constabulary and Hampshire Fire & Rescue Service. This Contract will replace two existing Frameworks. The proposed procurement route of a combined contract is intended to elicit a good market response at the current time. The new contract will include supply chain arrangements for the three partners and will be in place for two years with the option for two one year extensions.</p>	<p>Maximum 4 year Contract Commencing Feb 2018</p>	<p>£2 million</p>	<p>£4 million</p>	<p>Approval to procure and approval to spend</p>
<p>Hampshire Free Schools Delivery Programme</p> <p>A new two form entry primary Free School is being planned at Boorley Green (near Botley) to provide 420 additional primary pupil places for 2019. The Free School application for this school was submitted by the Academy Trust and it has been approved by the Department for Education (DfE) and the building is to be procured and delivered by Hampshire County Council through a local delivery arrangement. The project has an overall estimated value of £7.3m. As this is a new Free School with funding being provided from the DfE and linked to the use of their procurement arrangements it is proposed to procure this project through the Education Funding Agency (EFA) Regional Framework Lot 3 – London and South East (OJEU notice reference 2013/S 230-398762). The cost of the project will be underwritten by the DfE, subject to concluding a successful tendering process. There will be preconstruction services which will involve the contractor in the development of the design following DfE procedures.</p> <p>There is also a new ‘all-through’ Free School planned at Horton Heath to provide additional school places in the area. The Free School application for this school, submitted by the Academy Trust, has been approved by the</p>	<p>2018 - 2020</p>	<p>£25.8 million</p>	<p>£25.8 million</p>	<p>Approval to procure and approval to spend</p>

<p><u>Project Title</u> Brief project description (including scope of project, customer, procurement route, other relevant bodies)</p>	<p>Contract / framework term & Start date</p>	<p>Anticipated HCC value/Increased value</p>	<p>Anticipated Total Value/ Contract Value</p>	<p>Approval required / project update</p>
<p>Department for Education (DfE) and the school is to be procured and delivered by Hampshire County Council through a local delivery arrangement. It is proposed to develop this project in two stages; the first being the school for 1050 secondary age pupils to be opened in 2020 followed by a second project for primary aged pupils to be opened later in 2021. It is proposed to procure the secondary school project, at an estimated value of £18.5m, through the EFA Contractors Framework (OJEU notice reference 2013/S 079-132773) as it is a new Free School with funding being provided from the DfE and linked to the use of their procurement arrangements. The primary school will be procured separately when needed.</p> <p>At the free school application stage, the quantity of grant funding is not known. However, the financial regulations of the County Council allow for the Director of Children’s Services, in consultation with the Executive Lead Member Children’s Services (ELMCS), to add schemes to the programme, when funded entirely from external resources. The Boorley Green and Horton Heath schemes will be added to the Children’s Services Capital Programme subject to confirmation of DfE funding on conclusion of the grant application process. These will then be reported to the ELMCS and added to the Capital Programme.</p>				

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Buildings, Land and Procurement Panel
Date:	27 June 2017
Title:	Business Services Group – 2016/17 Annual Report and Accounts
Report From:	Director of Culture, Communities and Business Services

Contact name: Shaun Le Picq

Tel: 01962 846216 **Email:** shaun.lepicq@hants.gov.uk

1. Summary

- 1.1. The purpose of this report is to provide Members with a summary of the financial performance of the principal self-funding business units within the Culture, Community and Business Services Department (CCBS) for 2016/17. The report also includes an overview of the aggregate accumulated surpluses of these services.
- 1.2. 2016/17 was another successful trading year for the Business Services Group and this provides a solid foundation for their performance in 2017/18. The report describes an annual trading surplus for the group as a whole of £837,000. This is an improved outturn position against the revised forecast of £449,000 that was reported in the 2017/18 Business Plans.

2. Contextual information

- 2.1. The business units covered in this report are:
 - Hampshire County Council Catering Services (HC3S)
 - Hampshire Transport Management (HTM)
 - County Supplies (CS).
- 2.2. The 2016/17 Business Plans for these services, which set out the financial targets and service objectives, were reported to the Panel on 31 March 2016. This report outlines actual performance against these plans during the last financial year.
- 2.3. The main aims of the business units are to provide good quality, value-for-money services to a wide range of internal and external customers and to make a significant contribution to the County Council's corporate agenda. These aims are set out in detail in the 2017/18 business plans of each service, which are reported as a separate item on this agenda. This report

seeks only to provide summary information on the financial and business performance for the 2016/17 financial year.

- 2.4. Just over 80% of the BSG's turnover is with the education sector. Whilst the trading focus for the businesses is primarily in Hampshire and the two Cities, the customer base does extend into Berkshire, Dorset, Isle of Wight, West Sussex and Wiltshire.

3. Performance

- 3.1. The 2016/17 final accounts for each business are shown in Appendix 1 together with a summary for BSG as a whole. Total business turnover (income) in 2016/17 was just over £53 million, which is an increase on the previous year of £564,000. Although income was £850,000 (1.6%) below the revised target, with the effective management of direct costs being £1.2 million (2.5%) less than planned, the Group delivered a trading surplus of £837,000 (1.6% of turnover). This is £388,000 (86%) above the revised target of £449,000, although £144,000 (37%) of this increase relates to stock accounting adjustments at County Supplies relating to previous financial years. As self-funding business units, BSG covers all of its operating costs. This included a £874,000 contribution (1.6% of turnover) in 2016/17 for relevant corporate and departmental overheads (management and support services).
- 3.2. The key trading issues for each business unit are reported in more detail in section 4 below. The most significant variation against the revised forecast related to lower income from HTM's fuel sales (£548,000), though this is offset by lower than planned fuel costs of £540,000, because actual fuel inflation last year was considerably lower than originally estimated.
- 3.3. Table 1 below shows the surpluses generated across the businesses over the last five years.

Table 1 – Business Services Group: Summary Financial Performance

Business Unit	Annual Trading Surplus / (Deficit)				
	Actual 2012/13 (£000s)	Actual 2013/14 (£000s)	Actual 2014/15 (£000s)	Actual 2015/16 (£000s)	Actual 2016/17 (£000s)
HC3S	309	70	789	591	55
HTM	25	35	1	321 ¹	266
County Supplies	204	291	331	342	516 ²
Total Surplus	538	396	1,121	1,254	837
% of income	1.3%	0.9%	2.2%	2.4%	1.6%

¹ Trading surplus excluding impairment charges.

² The surplus includes a one-off stock accounting adjustment of £144,000.

- 3.4. The lower surplus for HC3S that was experienced in 2013/14 compared to other years was due to higher than planned food and wage costs and investment in the catering facilities at Countryside and other non-educational sites. The higher surpluses since 2014/15 are due to higher overall turnover primarily from the Government's Universal Infant Free Schools Meals (UIFSM) funding programme. The lower surplus in 2016/17 is due to the increased wage costs relating to the National Living Wage and a higher than average national pay award for Grade A staff (catering assistants).
- 3.5. HTM's higher than average surpluses from 2015/16 onwards are due to an increase in business from external customers.
- 3.6. The accumulated surpluses of the businesses provide a strategic reserve that will protect the County Council from financial risk in the event of adverse trading conditions or unforeseen events and makes it possible for the businesses to invest in new activities and improving services. The Group's accumulated surpluses form part of the County Council's overall reserves.
- 3.7. The 2016/17 movements on the accumulated surpluses for the businesses are shown in Table 2 below:

Table 2 – Accumulated Surpluses (£000s)

Surplus as at 01/04/16	5,830
Business unit results 2016/17	837
Depreciation, interest and finance	167
Spending from surpluses	(1,489)
Closing balance as at 31/03/17	5,345

- 3.8. Of the £1.489 million drawn down from the accumulated surpluses in 2016/17, £1.338 million related to the Group's contribution to the County Council's Transforming the Council 2017 (TtC2017) programme and £80,000 was contributed to the Community Hubs Transformation Programme (which is the County Council's cross-cutting programme led by CCBS) and £71,000 related to HC3S's investment in secondary schools.
- 3.9. Appendix 2 shows the details of the forecast balance on the accumulated surpluses by March 2018, which is estimated to increase by £190,000 to £5.5 million, and the known commitments and earmarks over the next few years totalling £2.07 million, leaving an unallocated balance in the accumulated surpluses of just under £3.5 million.
- 3.10. HC3S manages delegated catering budgets on behalf of schools through buy-back arrangements and a Service Level Agreement (SLA) with an aggregated value of some £2.5 million. The SLA provides a commitment

that surpluses on these budgets will be used for the benefit of the school catering service in the form of improvement projects and investment in new and replacement equipment. The balance of these funds does not form part of the Group's accumulated surpluses. The opening balance of these funds for 2016/17 was £246,983. HC3S used £99,762 from this reserve to improve services at Tower Hill Primary School, South View Infant School, Freegrounds Junior School and Owslebury Primary School, leaving a closing balance of £147,221. In addition to this money, HC3S invested £100,000 from the 2016/17 trading account in refurbishments, improvements and equipment replacement in other primary school kitchens and serveries.

4. Other key issues

Hampshire County Council Catering Services (HC3S)

- 4.1. The continuation of the Government's Universal Infant Free Schools Meals (UIFSM) funding has supported the ongoing rise in the volume of primary school meals served by HC3S. In 2016/17 a total of just over 11.5 million meals were served in primary schools which is a take-up of 59.9%, and was just over HC3S's target for the year of 59.6%³. This is an increase of over 211,000 meals when compared to the previous year (2015/16), representing a 1.8% increase in the number of meals year on year.
- 4.2. Members will recall that the UIFSM funding was originally agreed until 2020 (previously anticipated to be the year that the next General Election would be held). However, the earlier than expected General Election this year may mean that the current levels of UIFSM funding will not continue for as long as expected. Any reduction in UIFSM funding will have an adverse impact on meal take-up and business turnover and is a business risk for HC3S, particularly in relation to its current three year financial plans up to 2019/20 as part of the County Council's Transformation to 2019 programme. HC3S will continually review its business development plans and operating model to maintain financial sustainability in light of any changes to UIFSM. HC3S will also ensure that it positions itself to maximise any business opportunities arising from any alternative school meal arrangements that may be put in place in the future.
- 4.3. HC3S continued to maintain a steady income in 2016/17 in both the secondary schools sector of £3.8 million and from primary schools outside Hampshire of £1.3 million.
- 4.4. Income at non-schools sites in 2016/17 amounted to £4.1 million and this continues to be a growing area of business, having increased by a further £380,000 (10%) from 2015/16 and by £1.2 million (42%) when compared to 2013/14.

³ Percentage uptake adjusted for 2016 number on roll.

- 4.5. In 2016/17, HC3S continued providing catering services at the following non-schools sites:
- HCC Headquarters, Winchester
 - Winchester Discovery Centre
 - Basingstoke Discovery Centre
 - Sir Harold Hillier Gardens
 - Lepe Country Park
 - Staunton Country Park
 - Titchfield Haven National Nature Reserve
 - Queen Elizabeth Country Park
 - Manor Farm Country Park
 - Royal Victoria Country Park
 - Calshot Activity Centre - Café
 - Calshot Activity Centre - Residential
 - Eastleigh Borough Council Coffee Shop.
- 4.6. In addition, planning work was undertaken to develop a new café facility at Fareham Library as part of the Library Service's refurbishment programme. The café has been developed jointly by HC3S and Library Service staff and is due to be fully operational from May this year.
- 4.7. HC3S has continued to work closely with the Countryside Service on planning and delivering improvements to the catering provision as part of the Country Parks Transformation Programme. HC3S provided a budgeted payback to Countryside of £107,000 in 2016/17 and, in addition, £28,736 was invested from the HC3S trading account in improving the equipment and service at the parks. This means that the earmarked equipment replacement reserve of £30,000 is still in place from 2015/16 and is available for future service delivery improvements and to assist with increased income generation at the Countryside sites.
- 4.8. In addition to the Countryside Service, HC3S also provided a payback to the Library Service (£10,000), Sir Harold Hillier Gardens (£93,462) and the Calshot Activity Centre café (£9,000), which is in effect a rental charge for use of the cafes and this payback contributes to the relevant service's income budgets.

Hampshire Transport Management (HTM)

- 4.9. HTM overachieved on its surplus target by £244,000 and achieved a similar level of income (£7.3 million) to the previous financial year. This good financial result is due to the income from external customers.
- 4.10. Following feedback from internal customers, HTM did not offer an end of year loyalty payback for contract hire, but instead has invested the additional surplus in holding prices in 2017/18 for the seventh consecutive year.
- 4.11. HTM's most significant achievement during 2016/17 was to be awarded the supply and maintenance of a vehicle fleet of approximately 130 Light Commercial Vehicles, Heavy Goods Vehicles and dedicated gritters to

Skanska UK for delivery of the Hampshire Highways Services Contract (HHSC). This new contract fits well with HTM's business development strategy of increasing the proportion of its business with the education sector and other external customers.

- 4.12. This contract is due to start from 1 August 2017 and therefore is not reflected in the financial accounts for 2016/17. The estimated aggregated value of the individual contract hire agreements, including supply and maintenance of the fleet, is just over £12m for the initial HHSC contract term of 6.75 years.

County Supplies (CS)

- 4.13. The annual turnover for the County Supplies' warehouse increased yet again in 2016/17 and reached £9.68 million, which is the highest turnover ever recorded. This was £156,000 (1.6%) above the original business plan target and £123,000 (1.3%) below the revised target.
- 4.14. Income from rebates on direct delivery contracts (these items are delivered directly to customers by contracted suppliers and not supplied from the warehouse) exceeded the target of £1.034 million in 2016/17 by £55,000 (5%).
- 4.15. Whilst the total surplus for 2016/17 was £217,000 higher than the original target of £288,000 and £177,000 more than the revised target of £339,000, £144,000 of this was the result of stock accounting adjustments relating to previous financial years. These adjustments had not been processed earlier because system and process changes meant that considerable analysis needed to be undertaken to ensure the correct procedure was followed, prior to the adjustments being made.
- 4.16. Therefore, as the in-year trading surplus was only £33,000 above target, unfortunately it was not practical to provide customers with a loyalty discount in 2016/17 to share the benefit of this small increase. This is because, with over 3,000 customers, the individual loyalty amounts would have been relatively insignificant. However, as CS's customers can choose to buy from competitors at any time, the customer loyalty scheme is seen as an important element in maintaining a healthy trading position. The scheme will therefore be retained and will be used again in future years if actual trading conditions are considerably better than target.
- 4.17. As the majority of customers are in the public sector, they are experiencing considerable financial pressures and are reducing their spending on commodity goods and services. High-level analysis of schools' spend with CS's key competitors indicates that business during 2016/17 compared to the previous year has reduced by an average of 20%. This compares to CS's turnover increasing by 4.6% in the same period. Therefore, it is important for CS to continue to remain competitive on price and to foster continued customer loyalty in order to sustain a successful and fully self-funding trading position in an increasing challenging and competitive market.

- 4.18. As reported to the Schools Forum at its meeting on 16 May 2017, CS aims to provide schools with a wide range of pre-tendered, value-for-money framework agreements for common-use goods. A key function of CS is to aggregate the expenditure of a wide range of customers (in collaboration with the Central Buying Consortium) in order to establish purchasing and supply agreements which:
- leverage public sector buying power
 - offer value-for-money
 - avoid unnecessary duplication of effort
 - provide the security of the County Council's framework terms and conditions
 - comply with the County Council's Contract Standing Orders and, where applicable, the Public Contracts Regulations 2015.
- 4.19. In 2016/17, a total of £35 million was directed through these collaborative agreements by CS customers in the education sector, leading to an on-going annual saving for these customers of approximately £3.9 million (11%).

Overall Trading Environment

- 4.20. The performance of all three business units in 2016/17 demonstrates continued high levels of support from existing customers (especially in the education sector, the County Council and the wider public and third sectors) and the ability of the Group to be successful in winning new business.
- 4.21. However, there are ever growing trading pressures in the market from a combination of increasing cost pressures (through the National Living wage, pension costs and forecast inflation - particularly on food and other commodity items); reducing customer spend as a result of public sector financial constraints and rising customer expectations especially related to service levels and digital solutions. In addition, the three business units operate in a highly competitive market, which is very price-sensitive.
- 4.22. As these market pressures increase over the next few years, the business units are shaping their business development plans to assist with meeting these challenges. This is likely to require a step change in our thinking and our operating models.

5. Recommendation

That the Panel make the following recommendation to the Executive Member for Economic Development that:

- 5.1. The 2016/17 annual report and accounts for the Business Services Group be approved.

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

This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision to enable the business units to demonstrate appropriate reporting mechanisms and operate on a self-funding basis within the County Council's financial regulations.

Other Significant Links**Links to previous Member decisions:**

<u>Title</u>	<u>Reference</u>	<u>Date</u>
Business Services Group – Business Plans 2015/16	6438	31.03.2015
Business Services – 2015/16 Annual Report and Accounts	7523	28.06.2016

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

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

IMPACT ASSESSMENTS:

1. Equality Duty

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

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

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

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

1.2. Equalities Impact Assessment:

- (a) This report has no impact on those with protected characteristics as it is a report outlining the financial position of the Business Services Group for 2016/17.

2. Impact on Crime and Disorder:

2.1. This report has no impact on crime and disorder as it is a report outlining the financial position of the Business Services Group for 2016/17.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption? No impact.
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? No impact.

**CCBS Business Services Group
Final Accounts 2016/17**

Business Services Group			
2016/17 Final Accounts	Target	Actual	Difference
	£'000	£'000	£'000
Income	53,934	53,084	(850)
Direct Costs	49,127	47,913	(1,214)
Contribution	4,807	5,171	364
Overheads	4,358	4,334	(24)
Surplus/(Deficit)	449	837	388

Trading surplus as a % of income: 1.6% (2.4% in 2015/16)

Hampshire County Council Catering Services (HC3S)			
2016/17 Final Accounts	Target	Actual	Difference
	£'000	£'000	£'000
Income			
Sale of meals	34,444	34,384	(60)
Other	131	76	(55)
Total Income	34,575	34,460	(115)
Direct Costs	32,754	32,651	(103)
Contribution to overheads	1,821	1,809	(12)
Overheads	1,733	1,754 ⁴	21
Surplus/(Deficit)	88	55	(33)

Trading surplus as a % of income: 0.2% (1.8% in 2015/16)

⁴ Overheads reduced by £71,000 to reflect the contribution from the approved provision in the Accumulated Reserves for investment in secondary schools services and equipment.

Hampshire Transport Management (HTM)			
2016/17 Final Accounts	Target	Actual	Difference
	£'000	£'000	£'000
Income			
Contract Hire	3,651	3,511	(140)
Other	4,345	3,818	(527)
Total Income	7,996	7,329	(667)
Direct Costs	6,847	5,941	(906)
Contribution to overheads	1,149	1,388	239
Overheads	1,127	1,122	(5)
Trading Surplus/(Deficit)	22	266	244

Trading surplus as a % of income: 3.6% (4.4% in 2015/16)

County Supplies			
2016/17 Final Accounts	Target	Actual	Difference
	£'000	£'000	£'000
Income			
Stores turnover	9,800	9,677	(124)
Retrospective rebates	1,034	1,089	55
Other	529	529	0
Total Income	11,363	11,295	(68)
Direct Costs	9,526	9,321	(205)
Contribution to overheads	1,837	1,974	137
Overheads	1,498	1,458	(40)
Trading Surplus/(Deficit)	339	516	177

Trading surplus as a % of income: 4.6% (2.7% in 2015/16)

Business Services Group (HC3S, HTM, County Supplies)**Estimated Accumulated Surpluses (Reserves)**

	£000s
Balance as at 31 March 2016	5,830
BSG Trading Surplus 2016/17	837
BSG Depreciation and Capital Charges	167
Traded Services Contribution to TtC2017 (2016/17) ⁵	(1,338)
HC3S Kitchen & Servery Improvements and Investments	(71)
Community Hubs / Locality Working	(80)
	<hr/>
Balance at 31 March 2017	5,345
Forecast BSG Trading Surplus 2017/18	563
BSG Depreciation and Capital Charges	150
HC3S Kitchen & Servery Improvements and Investments	(400)
County Supplies Warehouse scanning hardware	(80)
Balance of Community Hubs / Locality Working	(43)
	<hr/>
Forecast Balance at 31 March 2018	5,535
Further Earmarks and Commitments	
- BSG Contingency (1.25% of income)	(678)
- HTM Petersfield Workshop Refurbishment	(600)
- Bar End Site Roof Replacement	(200)
- HC3S Equipment Replacement (Countryside and HQ)	(50)
- HC3S Mobile electronic catering administration software	(122)
- Customer Relationship Management (CRM) system	(200)
- CCBS Investment Projects	(222)
	<hr/>
Unallocated Balance	3,463

⁵ pro-rata contribution to £1.5 million, excluding Hampshire Printing Services.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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