

# Public Document Pack



## NOTICE OF MEETING

<b>Meeting</b>	Buildings, Land and Procurement Panel
<b>Date and Time</b>	Wednesday, 3rd January, 2018 at 10.00 am
<b>Place</b>	Denning Room, Ell Court, The Castle, Winchester
<b>Enquiries to</b>	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 3 - 6)

To confirm the minutes of the previous meeting held on 3 October 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. PROPERTY SERVICES: MAJOR PROGRAMMES UPDATE REPORT**

(Pages 7 - 18)

To consider a report of the Director of Culture, Communities and Business Services with updates on major programmes being progressed within Property Services.

**7. ENERGY AND CARBON MANAGEMENT PROGRAMME UPDATE**

(Pages 19 - 28)

To consider a report of the Director of Culture, Communities and Business Services with an update on the energy and carbon management programme.

**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](mailto: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.

# Public Document Pack Agenda Item 3

AT A MEETING of the Buildings, Land and Procurement Panel of HAMPSHIRE COUNTY COUNCIL held at The Castle, Winchester on Tuesday, 3rd October, 2017

Chairman:

p. Councillor Mel Kendal

a. Councillor Peter Edgar  
p. Councillor Adrian Collett  
p. Councillor Keith House  
p. Councillor Rhydian Vaughan

a. Councillor Bill Withers Lt Col (Retd)  
p. Councillor Andrew Joy

## 14. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Bill Withers Lt Col (Retd). Councillor Andrew Joy was in attendance as the Conservative Deputy member.

## 15. 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 at the time of the relevant debate 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 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 Non-Pecuniary interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with the Code.

## 16. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 27 June 2017 were agreed and signed by the Chairman.

## 17. DEPUTATIONS

There were no deputations on this occasion.

## 18. CHAIRMAN'S ANNOUNCEMENTS

The Chairman made an announcement following the recent fire at Three Minsters House in Winchester and noted that the evacuation procedures followed had been exemplary and that there had been no injuries. Members heard that staff based in Three Minsters House were working temporarily from alternative locations and that a Service Recovery Plan was in place. It was noted

that the Contractor was responding positively and working with Property Services to clear the site and prevent any further damage. The Panel thanked the Fire Service and the officer Emergency Response Team for their actions.

The Chairman was pleased to announce that Property Services had recently received several awards including:

- Civitas Academy in Reading which had received a Regional Royal Institute of Chartered Surveyors (RICS) Community Benefit Awards 2017. Members heard that this project would go forward to the National RICS Awards in November.
- Wessex Learning Centre at Winchester Cathedral which had received an Award from the Campaign to Protect Rural England (CPRE) in the Sustainable Building Category.
- The landscape design and construction of a courtyard at Portchester School which had been recognised with a national British Association of Landscape Industries (BALI) Award.
- The Property Services Workstyle Team had won the Apprentice Team of the Year at the Hampshire County Council's Annual Investors in Young People Awards.

19. **STRATEGIC PROCUREMENT AND COUNTY SUPPLIES CONTRACTING ACTIVITY AND APPROVALS FOR 2017/18**

The Panel considered the report from the Director of Transformation and Governance – Corporate Services regarding procurement, amendments and extensions to contracts over £1million in value (Item 6 in the Minute Book).

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

Members' discussion focused upon the procurement of the HPSN3 contract and it was noted that, in making the Panel's recommendation to Executive Member for Policy and Resources, the contract term as referred to in Appendix 1 would be amended to make the Executive Member aware that other contract term options were being explored.

RESOLVED:

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

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

20. **PROPERTY SERVICES: MAJOR PROGRAMMES UPDATE REPORT**

The Panel considered the report of the Director of Culture, Communities and Business Services (Item 7 in the Minute Book) which provided an update on

major projects that were being progressed within the department.

It was confirmed, in response to Members' questions, that the Southern Construction Framework generated an income of £1.157 million throughout 2016/17. The income prediction for 2017/18 was £1.136 million.

Members discussed the County Council's partnership with the Education and Skills Funding Agency (ESFA) and it was noted that Property Services would continue to work closely with the ESFA to design and deliver the new Free Schools as outlined within the report.

The Panel were advised that information regarding any local construction projects or new school facilities was periodically shared with both the local County Councillor and the Member of Parliament for the area.

RESOLVED:

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

- a) Progress of each of the programmes is noted.
- b) Approval is given to the project appraisal for the Learning Disability Transformation project proposals in the Havant Day Services building on the basis summarised in the report to establish a Keystone Service at a total cost of £700,000.
- c) That procurement and spend approval for contracting activity associated with the projects as outlined in this report is granted.
- d) That approval is given to the full retention of the capital receipt from the sale of the asset identified in this report in order to re-invest and finance elements of the proposed Camping Pods project at Calshot Activities Centre.
- e) That the proposal to invest in the Camping Pods, subject to confirmation of funding, be added to the 2017/18 Policy and Resources Capital Programme.

## 21. **MANAGING THE BUILT ESTATE UPDATE**

The Panel considered the report of the Director of Culture, Communities and Business Services (Item 8 in the Minute Book) with an update on the management of the County Council's built estate.

RESOLVED:

That the Buildings, Land and Procurement Panel notes:

- a) The progress being made against the 2017/18 planned repairs and maintenance programme.

- b) The improvements in service delivery and procurement implemented over the summer with the introduction of new Maintenance Contracts, Minor Works Frameworks and new efficient digital tools to improve service delivery, efficiency, customer interface and reduce costs.

## 22. **ENERGY AND CARBON MANAGEMENT ACTIVITIES UPDATE**

The Panel considered the report of the Director of Culture, Communities and Business Services providing an update on progress so far with a series of Energy Programmes (Item 9 in the Minute Book).

Discussion was held regarding the 40% reduction in carbon emissions by 2025 target and whether, taking account of progress to date, this target could be extended. The Panel agreed that an updated proposal be brought to a future meeting following further analysis.

RESOLVED:

- a) The positive achievements of the Carbon Management Strategy Phase 2 are noted. This has produced a further reduction of 38.1% against a target of 40% by 2025. This equates to around £30m gross energy cost savings since 2010 for both schools and the County Council.
- b) The further £130,000 of carbon tax reductions in Phase 2 is noted.
- c) That the good progress in Energy Performance Programmes Phases 4 and 5 is noted.

## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee/ Panel:</b>	Buildings, Land and Procurement Panel
<b>Date of Decision:</b>	3 January 2018
<b>Decision Title:</b>	Property Services: Major Programmes Update
<b>Report From:</b>	Director of Culture, Communities and Business Services

**Contact name:** Steve Clow, Assistant Director Property and Facilities

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

### 1 Summary

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

- One Public Estate (OPE) Programme Update
- School Condition Allocation (SCA) and Corporate Repairs and Maintenance Update – Project Appraisals
- Construction Industry Appraisal
- T19 Property Futures & Office Accommodation Strategy
- The Community Hub at Gosport Discovery Centre – Project Appraisal

### 2. One Public Estate (OPE)/Asset Transformation Programme Update

2.1 Hampshire County Council (HCC) has been participating in the One Public Estate (OPE) initiative since its inception in 2013. 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 (public) services
- Generation of capital receipts
- Reduction of premises running costs (shared buildings) and increased revenue generation.

2.2 To date, with the County Council as the lead for the local Wider Hampshire partnership, there have been 5 successful phases of funding secured totalling £1.06M. A sixth bid for a further potential revenue and capital was submitted in November 2017.

- 2.3 The OPE programme nationally has matured and expanded. Partnerships now receive an increased level of support from regional account managers from both the Local Government Association and the Government Property Unit, who are able to act as a conduit to Central Government departments and other organisations to remove barriers that can often be faced when facilitating and delivering shared projects.
- 2.4 There are now a greater number of OPE partnerships all looking for financial support for their programmes. This has, in part, led to the evolution of the priorities of the national programme with funds now more likely to be provided for schemes that deliver significant number of new homes ( a government policy priority). This change places a greater emphasis on regional collaboration rather than individual local colocation schemes (which the Wider Hampshire partnership has achieved success in bidding for in the past). There is also increased focus on the need to include central government departments within project proposals. In addition, the OPE assessment team are keen to see Local Authorities engage more actively with the Defence Infrastructure Organisation (DIO) and the MOD's estate rationalisation strategy and associated disposals. This Council has positive links with the MOD through the established Civil Military Partnership and a DIO senior officer is a regular attendee at Board Meetings.
- 2.5 The wider Hampshire partnership (which includes 22 partners) has commissioned a number of feasibility studies which have identified opportunities for joint initiatives in areas such as Whitehill and Bordon, Fareham, Havant and Aldershot and Farnborough. Funding has also provided staff resource which has facilitated the delivery of projects with Central Government such as the Andover Job Centre plus moving into Test Valley Borough Council's offices and the Ministry of Justice (MOJ) installing pilot commuter hubs for its staff at Farnborough and Basingstoke libraries. Subject to a positive review commuter hubs could be provided in other locations across Hampshire, potentially in County Council owned buildings generating a modest income stream and sharing costs of occupation.
- 2.6 As well as the funding provided for specific feasibility studies, the access to support from the Government Property Unit and the way in which the governance of the wider Hampshire programme is run has provided the forum for links to be made with colleagues from across the public sector which has lead to the generation of new ideas and opportunities to generate better use of the public sector estate.
- 2.7 The outcome of the bid was announced in early December (since the Chairman's Briefing). One new major initiative in Winchester has been funded and will receive £50k. This is to investigate the opportunities arising from the MoD vacating the Sir John Moore Barracks off the Andover Road. This clearly met the latest more challenging criteria having a direct link to the future delivery of housing numbers.
- 2.8 A number of other submitted projects scored highly but not enough to secure funding in a competitive bidding round. There are now

considerably more OPE programmes competing for a fixed amount of funding compared to earlier phases. The funding pot was over-subscribed more than three times. We still await the result of the capital bid for 'land release' funds.

- 2.9 The feedback received was in line with our expectations and this demonstrates the development in emphasis and bid requirements as referred to earlier in this section. In a recent meeting with the Cabinet Office, they recognised the positive work that Hampshire County Council is leading and proposed to collaborate to redirect some of our existing funds and help us to make bids for further additional programme management resources. They recognise this is an essential ingredient to positive progress on the many initiatives on-going.
- 2.10 Overall, the continued progress is a success and the outcome for one additional project brings the total to 19. Officers will be reviewing our resources and role alongside investigating further opportunities to initiate projects and secure income. This will also include the potential offer of support to other local authorities who have recently secured OPE projects.

### **3. School Condition Allocation (SCA) and Corporate Repairs and Maintenance Update**

- 3.1 Work on the 2017/18 Repair and Maintenance programmes continues well against the approved schemes in the April 2017 Managing the Built Estate approved by the Executive Member Policy and Resources (EMPR). This section of the report includes Project Appraisals for schemes which have been designed and developed since April report and are now clear in scope and funding. They are recommended for approval to EMPR.
- 3.2 The Education and Skills Funding Agency (ESFA) have recently announced that the 2018/19 Schools Condition Allocation (SCA) will be allocated to Local Authorities based on the same criteria as 2017/18. This is good news and whilst the final value of the 18/19 SCA grant is not yet known it is anticipated it will be in the region of £17m for Hampshire. This increased certainty for 2018/19 allows us to plan forward and commit to further works for LA schools. The following proposed works at Alderwood, Westgate and Applemore look to make best use of this increased visibility.

#### **Alderwood School – Project Appraisal**

- 3.3 It was supported at the 31 March 2016 BLaPP and approved at the subsequent 8 April 2016 EMPR that Property Services should commence with design work for a SCOLA recladding project at Connaught School (which is now called Alderwood School) subject to confirmation of the 2017/18 School Condition Allocation grant. This funding was confirmed in March 2017, however the programme was paused whilst the school reorganisation was in progress.
- 3.4 The proposals are to reclad the SCOLA Technology block using the tried and tested system developed by Property Services. This approach gives

the block a new external envelope and improved fire and window safety, thermal performance removing a significant condition liability. The building will be more economic and efficient which will reduce energy costs for the school and deliver cyclical maintenance saving by avoiding decoration.

- 3.5 The detailed design is now being developed and it is therefore recommended that approval is given to both procure and deliver the scheme using the new minor works framework (MWF) which has a specific lot designed to procure SCOLA recladding. It is envisaged the contract could be formed this financial year 17/18 and a start on site in April 2018. The contract duration is expected to be 9 months and cost £932,000 including fees.

### **Applemore School - Project Appraisal**

- 3.6 With the increased certainty around the 2018/19 SCA grant it is now proposed to progress the design and procurement of the recladding of a SCOLA block at Applemore School. As soon as the 2018/19 SCA grant is confirmed Property Services would then let the contract for the works.
- 3.7 The proposed recladding work is similar to that for Alderwood above and will offer the same substantial benefits. The scheme will enhance the educational environment for the staff and pupils and remove the condition liability of the external envelope.
- 3.8 The detailed design is now being developed and it is proposed to procure and deliver the scheme using the SCOLA recladding lot of the new minor works framework (MWF). It is envisaged the contract could be formed as early as this financial year 17/18 and a start on site in April 2018. The contract duration is expected to be 8 months and cost £1,048,000 including fees.

### **Westgate School – Project Appraisal**

- 3.9 A scheme for recladding and window replacement of three storey block at Westgate School was approved by the EMPR on 9 March 2017 with an estimated construction value of £500,000. Through the development of the design it has become apparent that the scope of the works will need to be increased to address the complexities of the existing building. The building is three stories high and is abutted by a single storey section. The revised value of the work is estimated at £1,048,000 including fees. The three storey block is not of SCOLA construction but has similar condition liability and performance challenges. The proposal is to reclad the block using a modified version of the SCOLA system developed by Property Services. The additional cost of this enhanced scheme will be funded through savings on other schemes within the SCA grant 2017/18 and deferral of some works to 2018/19. The works will be procured and delivered through an existing construction framework. Start on site is envisaged in April 2018 with work continuing for 9 months.

## **Totton Library – Project Appraisal**

- 3.10 The internal refurbishment of Totton library was a named scheme in the Library Service Transformation – Strategy to 2020, approved by the Executive Member Culture and Recreation on the 18th April 2016. Design of the internal refurbishment is now well advanced. It is now proposed to take the opportunity to address some essential building fabric and services improvements, while the library is closed for refurbishment. This approach will be prudent to minimise disruption to service delivery and library users. The additional works consist of boiler and heating replacement (including conversion from oil to gas) and replacement of external windows and doors. It is proposed to use the Minor Works Framework (MWF) to procure the work. The revised cost of the enhanced contract is estimated at £362,000 including fees. A start on site is targeted for January 2018 with completion expected in April 2018.
- 3.11 The Landlord Repair and Maintenance contribution for the heating can be met from the future additional Capital Repairs and Maintenance allocation of £4.5m (2018/19 to 2020/21).

## **4. Construction Industry Appraisal**

- 4.1 The general economy remains uncertain due to the terms of the UK leaving the European Union to be determined. This uncertainty has impacted on the pace of economic growth which has fallen to a relatively low level during the six months to the 3Q/2017. This in turn has had a knock on effect on the construction sector which is performing at weaker level than GDP. The latest figures from the Office of National Statistics shows construction sector growth over the year to Sept 2017 of just 1.1% with output actually falling between August and September by 1.6% overall. There has been a particular fall in the orders of new housing and private/industrial/commercial start due to the present uncertainty.
- 4.2 General inflation levels have seen a steady increase over the last year with the October Consumer Price Index showing an annual increase of 3% which is a five and half year high; well above the Governments target figure of 2%. This in turn led to the Bank of England to raise rates to a level of 0.5% in November. Both of these factors will put pressure on tender costs. The RICS predicts the year on year change in construction tender prices for 2017/18 to be -1%, but inflation will return in 2018/19 at a rate of 2.1% and then increase to 5.5% in 2019/20. It remains to be seen if the predicted slight inflation fall in 2017/18 will transpire.
- 4.3 The construction market continues to be relatively buoyant in the South East and London. This is in part attributable to continuing skills shortages in key trades and an aging workforce which exert upward pressure on prices. Many of the key construction trades depend on migrant EU labour which may not remain in the UK after leaving the European Union. The fall in the value of Sterling has also caused

inflationary pressures in imported materials costs. The market in the South East and Hampshire, in particular, continues to be challenging. The RICS Building Cost Information Service (BCIS) show that regional prices are holding up with the average cost of building in Hampshire some 11% higher than the UK norm. In spite of this there has been increased contractor interest in returning tenders to the County Council at or below our current funding levels. This has been helpful in enabling pressured capital budgets stretch further.

4.4 It is not yet fully clear what impact the Grenfell Tower Fire tragedy will have on the construction sector as this will be dependant on the various enquiries underway. In the medium to long term, if major changes emerge to the Building Regulations this could create delay on projects and put pressure on costs.

4.5 The County Council's Property Service team is continuing with its lead role of national cost benchmarking of schools. A sixth annual study is underway and the results will be published in February 2018. The study is funded by the Local Government. To date 107 local authorities and the ESFA have contributed to a sample of 550 schools worth £2.9bn. The output of the will be eagerly awaited by the local authorities and ESFA and it will enable us to track the trends in the market directly related to school building. This important work enables us to accurately set developer contributions with a strong evidential basis. Maximising private sector contributions to supplement grant funding from government is vital to ensure any call on local resources is kept to an absolute minimum.

## **5. T19 Property Futures & Office Accommodation**

- 5.1 Property Services is responsible for two key programmes to realise revenue savings as part of the wider T19 programme within CCBS.
- 5.2 The first programme is focused on achieving revenue savings through the professional services managed and delivered by Property Services including Facilities Management (FM). Work to identify and deliver these savings is being undertaken as part of a wider review of Property Services' operating model under a project called Property Futures. Property Futures is seeking to address existing and potential future drivers of change through development of a robust operating model that ensures a strong Property Services for the future.
- 5.3 As part of this project T19 savings will be identified through a combination of increased surplus and cost savings. The additional surplus will be primarily from income generated from the management of the regional procurement frameworks which are used by local authorities across the south of England. Cost savings will be achieved through a more efficient organisational structure and processes, making best use of professional resources and technology to reduce the costs of delivering revenue funded services.

- 5.4 The high level organisational design is due to be completed in late 2017 with the restructuring and new operating model being put in place during 2018. The detailed savings strategy will be identified as part of the design of the new operating model and structure, which will also identify the detailed actions required to realise the savings by March 2019.
- 5.5 Property Services is also responsible for the management of the corporate office accommodation. A new Office Accommodation Strategy has been developed that builds on the previous successful Workstyle programme and seeks to deliver a £1.3m saving from more efficient utilisation of the corporate office portfolio.
- 5.6 Utilisation studies undertaken in 2017 confirmed that there is surplus capacity that could be released to achieve savings, but this capacity is dispersed across the portfolio. The ongoing requirement for customer facing and area based services in all the Hampshire districts makes it difficult to release whole buildings and realise significant savings through a further reduction in the number of assets within the portfolio.
- 5.7 The proposed strategy therefore seeks to consolidate the space occupied by HCC staff. This will allow the release of discrete spaces within buildings for leasing to third parties, preferably public sector partner organisations, at a rate that covers operating costs and generates a reasonable level of rental income.
- 5.8 The consolidation of HCC staff forms part of the wider organisational change to introduce new ways of working and increase productivity and will be enabled through current flexible working practices and the ongoing introduction of new digital and mobile technology.
- 5.9 The letting of surplus space to third parties is an extension of current practice, as we have a number of existing tenants in our office buildings, the most recent example being the leasing of workstations in E11 West to the Clinical Commissioning Group (CCG). This approach also aligns well with the feedback from the T19 public consultation that identified a public preference for seeking new income streams and using assets to generate income, rather than reducing public services.
- 5.10 Specific proposals and timing of implementation are being discussed with departments and will depend on a number of property related and wider organisational considerations. Due to the long lead in times and interdependent nature of office moves, it is anticipated that the full delivery of savings will go beyond April 2019.

## **6. The Community Hub at Gosport Discovery Centre – Project Appraisal**

- 6.1 This section seeks approval to the project proposals (design and expenditure) to create a Community Hub facility at Gosport Discovery Centre at an estimated cost of £600,000 inclusive of fee. This project forms part of the County Council's 'Community Hubs' strategy identified in the One Public Estate programme and the Library Service's Strategy to

2020 which both seek to achieve a more efficient and effective use of public buildings. Funding of up to £750,000 has previously agreed and included in the approved Capital Programme in February 2017, following full consideration of this project by CMT in September 2016.

### Contextual Information

- 6.2 Gosport's Discovery Centre is already a thriving Tier 1 library providing full library services, a range of spaces for hire by community groups, a café and small drop-in facility for Council staff. The proposed scheme seeks to further enhance the opportunities afforded by this well located asset to enable the delivery of a wider range of complimentary services to the community, including Older Person's Day Services provision, a wider Public Health offer and enhanced drop-in accommodation. It is anticipated that this integration of services will provide additional benefits to customers.
- 6.3 The scheme ensures that the Gosport Discovery Centre building is utilised to its full potential, without compromising existing Library Services. This provides better value for money from the building itself, and supports savings and efficiencies elsewhere in Gosport. The principle of hosting additional complimentary services within a Library is not new – other partners are already accommodated for example, Citizens Advice Bureaux at a number of branches including Petersfield library, and a Ministry of Justice (MoJ) Commuter Hubs Pilot at Farnborough Library (see the OPE update elsewhere in this report). As well as making best use of the asset, this project has also provided an opportunity to explore alternative models for building management and governance.
- 6.4 The scheme was approved and added to the Capital Programme by Cabinet in February 2017. Since that date work has focused on developing the scheme proposals for the building. Following further consideration, the Adult Services Learning Disability day centre team have decided that they would prefer to remain in their existing accommodation for the time being. However, the design has been left flexible to ensure that should this position ever change, additional services can still be accommodated.

### Scope of Work

- 6.5 The scheme will see the creation of a new space to house an Older Person's Day Services offer within the Discovery Centre building. These services are currently delivered through leased accommodation located nearby which does not meet the needs of the clients and, therefore, limits the number of clients to whom this service can be provided. By bringing them into the library environment, clients will also benefit from all that the library provides (including the café, reminiscence resources, groups and activities). Housing this service within the Discovery Centre will generate a small saving for the County Council.

- 6.6 Existing toilet areas will also be remodelled to increase provision and to provide additional accessible facilities. A new Changing Place will be provided (there is currently no provision within Gosport for people who need enhanced facilities).
- 6.7 New bookable rooms will be created to increase the community activities delivered from the building and generate additional hiring income. Existing community space currently used by Public Health for Baby Weigh clinics and other health services will be enhanced to allow for the delivery of additional health related services.
- 6.8 Two new workstyle drop-in offices will be created to enable Adult's and Children's staff to work flexibly from a southern location within Gosport and enable the release of other accommodation elsewhere on the peninsular (eg the Adult's Service's Stoke Road office). Existing library staff spaces will be remodelled to increase drop in space elsewhere in the building.
- 6.9 General improvements will be made to the presentation and décor of the building. The remodelling has been specifically designed to enable flexibility to accommodate other services in the future if the need or opportunity arises.
- 6.10 A significant aspect of the project involves the consolidation and relocation of the Library Service's Hampshire Naval Collection and Local Studies collection back into the Discovery Centre Building. These collections are currently held in the adjacent 'Old Grammar School' Building which also houses the Gosport Gallery and Search Museum (hosted by Hampshire Cultural Trust).
- 6.11 The County Council and Cultural Trust will also be working together to review the Gosport Museum with a view to providing an improved 'Heritage' floor on the Mezzanine level of the Discovery Centre building, integrating social and cultural resources relating to Gosport's rich history. This will interlink with work that the Cultural Trust are doing to explore the future potential for the Old Grammar School building. Due to the timings of the Cultural Trust work, improvements to the Mezzanine Floor will be completed as a later phase of works.
- 6.12 A tender for these works has been issued under the Property Service's Minor Works Framework. Subject to approval of the project proposals and a satisfactory outcome of the tender process, works are planned to commence in February 2018 and be completed in May 2018.

### **Recommendations**

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

- a) Progress of each of the programmes is noted.
- b) That procurement and spend approval for contracting activity associated with the projects as outlined in this report is granted.

- c) Approval is given the project appraisal to reclad the SCOLA Technology Block at Alderwood school at a total cost of £800,000 plus fees. (with fees is £932,000)
- d) Approval is given to the project appraisal for the reclad of a SCOLA block at Applemore School at a total cost of £1,048,000 including fees.
- e) Approval is given to the project appraisal for the reclad of the three storey block at Westgate School at a total cost of £1,048,000 including fees.
- f) Approval is given to add essential maintenance works into the Library Transformation project at Totton Library with a revised total cost of £362,000 including fees.
- g) Approval is given to the project appraisal (design and expenditure) on the basis set out in the report to facilitate the delivery of the Community Hub at Gosport Discovery Centre project at a total construction cost of £600,000 including fees.

**CORPORATE OR LEGAL INFORMATION:****Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	yes
<b>People in Hampshire enjoy a rich and diverse environment:</b>	yes
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	yes

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>

**Section 100 D - Local Government Act 1972 - background documents**

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

DocumentLocation

None

## **IMPACT ASSESSMENTS:**

### **1. 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:**

An equalities impact assessment has /has not been considered in the development of this report as access requirements are always considered during the design stages of building maintenance projects and are often improved.

### **2. Impact on Crime and Disorder:**

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

### **3. Climate Change:**

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

## HAMPSHIRE COUNTY COUNCIL

### Report

<b>Committee/Panel:</b>	Buildings Land and Procurement Panel
<b>Date:</b>	3 January 2018
<b>Title:</b>	Energy and Carbon Management Programme Update
<b>Report From:</b>	Director Culture, Communities and Business Services

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#### 1. Executive Summary

- 1.1 In October 2017, the Director of Culture, Communities and Business Services (CCBS) reported that progress on the second phase of carbon reductions had achieved a reduction of 38.1% (of 2010 levels) against the 40% target for 2025.
- 1.2 More activities are planned which will further reduce the carbon emissions and good progress is being made with their delivery. This report provides further details on these programmes of work.
- 1.3 The Director of CCBS has engaged an energy category specialist to review our current energy contracts and to examine the options for the procurement of future contracts taking into consideration price certainty; flexibility in the market; risk of supply; the purchase of green energy; and business opportunities from providing energy to third parties.
- 1.4 At the last meeting of the panel, members asked the Director of CCBS to set a new, more stretching, target for phase 2 of the Carbon management Strategy. Officers have reviewed the planned projects including the Energy Performance Programmes, office rationalisation, street lighting and behaviour change programme and recommend that a new target is set of 50% reduction from 2010 levels by 2025.
- 1.5 This report identifies a further, more ambitious and challenging project to replace the County Councils streetlights with LED lamps is investigated. A viability study and outline business case is recommended in this report.

## 2. Introduction

2.1 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

2.2 As context some investigation has been done into what peer authorities have set as targets and what information is available as to progress. The following lists includes County Councils and District Councils from a comparable two tier Local Authority system

- Kent County Council – 34% by 2020 from 2010 levels : 15% achieved by 2015
- Surrey County Council – 10% by 2019 from 2016 levels : 8% achieved by 2017
- Wiltshire County Council – 20% target by 2017 from 2008 levels : 19% achieved
- Dorset County Council – 30% target by 2020 from 2009 levels : 14% achieved to date
- Eastleigh Borough Council – 50% target by 2020 from 2007/8 levels : 27% achieved to date
- Basingstoke and Deane Borough Council – 34% target by 2020 from 1990 levels : 22 % reductions in building consumption achieved from 2012 to 2017

## 3. Carbon Management Strategy – Progress to date

3.1 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 nearly 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

- 3.2 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.
- 3.3 Phase 2 of the Programme from 2015–2025, aims to reduce 2010 levels by 40% and progress in the first two years of the Plan were as follows:

<b>Phase 2: 2015 – to date</b>	
Carbon reduction target	40%(from 2010 levels)
Carbon Reduction Achieved	38.1%
Carbon emissions in 2010	54,200 tonnes
Carbon emissions in 2017	33,544 tonnes
Energy Cost saved over period	£950,000
Carbon Tax saved over period	£86,000

- 3.4 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.

#### **4. Carbon reduction activities update**

- 4.1. The reductions to date have been achieved through a number of Energy Performance Programmes (EPP) which have invested in programmes and projects including the installation of solar PV on the corporate estate, improved thermal insulation, LED lighting, draught proofing works, improved heating controls and the behavioural change programme 'Do Your Energy Bit'
- 4.2 As well as the EPP programmes for buildings, the PFI contract for the replacement of street lighting has contributed a substantial proportion to the overall carbon emissions reduction. The initial five year period of the contract saw the replacement of the majority of the street lights with more efficient lamps and fittings, subsequent dimming and switching over the last two years has further reduced emissions.

#### **5. Current Energy Programmes**

- 5.1. The Director of CCBS, supported by the panel, is progressing a number of additional programmes to further reduce the county's carbon emissions including the following:

- A major programme of LED lighting replacement in the corporate estate which will see approximately £1.6m invested over an anticipated two year period. This will result in 1.4m kWh of energy saved with a consequent reduction in carbon emissions of 750 tonnes and a energy revenue saving of £240,000 per annum
- The provision of a network of Electrical Vehicle (EV) charging points. A framework to facilitate the installation and management of charging points for the public sector is currently being procured.
- The phased replacement of the existing fossil fuelled fleet of County Council small vehicles with electric
- Investigation and feasibility studies into the use of innovative Battery Storage Technology

## **6. Energy Supply Contracts & Management**

- 6.1. The Director of CCBS has engaged the services of an energy category specialist to review our current energy supply contracts and undertake an options analysis for the development of future arrangements for the County Council and its partners.
- 6.2. The initial work will be focussed on driving efficiencies from the remaining two years of existing contracts. A thorough audit is being undertaken to identify improvement and modernisation of processes to procure and pay for energy including digital systems and automation.
- 6.3. Alongside this, options will be developed for the procurement of future energy supply contracts which will explore the routes to market, appetite for risk and price surety, the advantages and disadvantages of the various contractual arrangements, the ongoing management of the contracts and the inclusion of green energy in the mix of fuels.
- 6.4. Business opportunities for the Council to generate income through energy purchase and supply to other public sector organisations will also be investigated. The Council already procures on behalf of Police, Fire, schools and other Local Authorities.

## **7. Green energy**

- 7.1. As renewables and cleaner energy sources make up a larger proportion of the electricity purchased from the grid, our energy supply does become greener in absolute terms. However it is possible to source green electricity from the grid which comprises energy generated from renewable and non-fossil fuel sources.
- 7.2. There is currently an additional cost associated with the purchase of all green energy depending on a number of factors including demand and energy source. Initial enquiries to our existing energy suppliers indicate the additional cost of green energy would attract a price premium of at least 3.5% at current rates. Further work will be undertaken as part of the Energy

Supply Contracts as referred to in paragraph 4. The Council will then have options to consider the balance of energy sources and the costs with a greater understanding of the implications.

## **8. Battery Storage**

- 8.1. A number of public sector bodies are exploring large scale strategic battery storage. The Director of CCBS is currently working with the industry and other local authorities to further explore potential opportunities for Hampshire.
- 8.2. This could include providing land for third party specialists to build a battery storage facility linked to the grid or funding and building our own run and managed battery storage facility.
- 8.3. A report on the progress of this opportunity will be brought to a future Panel when the workstream has progressed.

## **9. Electric Vehicle (EV) replacement programme**

- 9.1. The Director CCBS is currently evaluating which vehicles in the county council's fleet could be 'exchanged' for EVs once their lease term expires.
- 9.2. It is estimated that 400 tonnes of carbon emissions could be saved by converting all small cars from diesel to EV, but further work is needed to establish which groups of vehicles have EV equivalents and whether their journey type and duration suits an EV. Where it is practical to change to EV it is proposed that this is the default position and that vehicles using other fuels are leased only by exception

## **10. Street lighting**

- 10.1. Street lighting currently accounts for approximately one third of our carbon emissions – 12,000 of the 33,544 tonnes as at 2017 levels. Emissions have reduced by over 50% as a result of the major street lighting replacement programme and the subsequent dimming and switching regimes in place. This is all part of a long term PFI contract established by the County Council.
- 10.2. Early indications are that reductions could be achieved by replacing the light sources with LED lamps and control gear. It is estimated that a potential 5000 tonnes of emissions (9% of 2010 levels) could be saved by utilising LED lamps in a programme of replacement, however the technical viability and cost of this is still to be determined. The indicative cost of this is estimated to be in the region of £7 million.
- 10.3. The Directors of ETE and CCBS are reviewing the potential for a large scale LED replacement programme; what the implications are for the current PFI contract; how a programme could be funded; and what constraints and technical challenges need to be overcome if it were to be delivered.
- 10.4. The outcomes of the viability study and outline business case will be shared with the panel at a future meeting.

## **11. Salix funds**

- 11.1. Salix funding has been used successfully to augment our energy programmes by sourcing interest free loans to fund (or part fund) capital investments in energy saving technologies such as the LED lighting scheme recently completed at Milestones Museum in Basingstoke.
- 11.2. Salix loans have a simple payback criteria of a maximum of 5 years for local authority schemes, but as the number of achievable solutions becomes fewer the payback periods extend and the number of projects eligible for this form of funding reduce.
- 11.3. Council officers are in regular dialogue with Salix and, positively, they have recently announced a revised Recycling Fund where authorities match fund any Salix loan contribution which is then used to fund energy saving works. The revenue saved in energy cost is returned to the funding pot and is further used to invest in more energy saving measures.
- 11.4. Salix have relaxed the payback requirements for this recycling fund recognising the more challenging environment for energy reduction programmes. The simple payback period is now up to 10 years (it was 5) and the cost of carbon reduction over the life of the measure must be no more than £240 per tonne.
- 11.5. Salix funding has been successfully used for building related energy programmes but could now be potentially viable for street lighting improvements.
- 11.6. The Director of CCBS is currently investigating how a Recycling Fund could be set up and utilised to fund further energy reduction measures.

## **12. Future carbon targets**

- 12.1. As a result of the works completed and the ongoing behavioural change programme excellent progress has been made toward the 40% reduction target and if the current trend continues it is certain that this target will be met in the near future.
- 12.2. Consideration is has been given to setting an increased target for 2025 given the workstreams and activities currently being progressed by the Director of CCBS.
- 12.3. It is proposed that taking into account the known funded programmes and allowing for some further reduction initiatives that a target of 50% reduction on 2010 levels by 2025 is achievable.
- 12.4. By way of illustration, should it possible to change the streetlights to LED lamps then a target of over 55% is achievable.
- 12.5. It is proposed that further work is undertaken by officers to test the viability and feasibility of the new programmes, particularly the Street Lighting opportunities, during 2018 and the results reported to the panel.

### **13. Recommendations**

13.1. That the Panel recommends to the Executive Member for Economic Development that a new, stretching carbon emissions reduction target of 50% by 2025 from 2010 levels is set.

13.2. That the Panel notes the progress on the carbon management activities.

13.3. That Panel notes that the Director of CCBS;

- intends to review the current energy supply contracts and bring an options paper on future energy purchasing to the Panel for review
- intends to investigate setting up a Salix Recycling Fund and identify potential programmes to be funded through it
- intends to establish an Electric Vehicle roll out programme and seek the support of the Panel for the principal of EV as the default when leasing new vehicles where it is practical to do so
- intends to prepare a report for consideration on the potential for large scale battery storage

13.4. That the Panel notes that the Directors of CCBS and ETE intend to undertake a detailed feasibility study to consider the viability of LED conversion of street lights and report to a future meeting of this Panel.

**CORPORATE OR LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	Yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	Yes
<b>People in Hampshire enjoy a rich and diverse environment:</b>	Yes
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	Yes

**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.

### **14. Impact on Crime and Disorder:**

14.1. There is no impact on Crime and Disorder.

### **15. Climate Change:**

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

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