

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Commercial Strategy, Human Resources and Performance
Date:	20 July 2020
Title:	Managing Hampshire's Built Estate
Report From:	Director of Culture, Communities and Business Services

Contact name: Steve Clow

Tel: 0370 779 8845

Email: steve.clow@hants.gov.uk

Purpose of Report

1. The purpose of this report is to report the urgent decisions made by the Deputy Chief Executive under paragraph 2.31 of the Financial Regulations, during the exceptional period of the Covid-19 lockdown when Member decisions were suspended, in relation to the County Council's 2020/21 repair and maintenance programmes for the corporate and schools' estates.
2. The report confirms the budget allocations for 2020/21 and provides an overview of the approach to allocating this funding to address the priorities across the built estate. The report also provides an update on the impacts of the Covid-19 pandemic on the delivery of the 2020/21 programme and the approach being taken by Property Services to mitigate these impacts.

Recommendations

3. That the Executive Member notes the following [urgent decisions](#) made under paragraph 2.31 of the Financial Regulations by the Deputy Chief Executive and Director of Corporate Resources on 30 April 2020, to allow progress to be made on the delivery of the 2020/21 repairs and maintenance programme:
 - a. the carry forward of unspent repairs and maintenance budgets from 2019/20;
 - b. the high level allocation of repairs and maintenance budgets for 2020/21;
 - c. the approval of project appraisals for nine capital schemes with individual values of £250,000 or more; and
 - d. delegation of authority to the Deputy Chief Executive and Director of Corporate Resources to confirm the final 2020/21 budgets once the 2019/20 outturn position was finalised.

4. That the Executive Member notes the updated budget allocations for 2020/21 following confirmation of the outturn position for 2019/20.
5. That the Executive Member notes the progress being made with the delivery of the 2020/21 repairs and maintenance programme and the approach being taken by Property Services to mitigate the impact of the Covid-19 crisis.

Executive Summary

6. This report seeks to:
 - Report the [urgent decisions](#) made under paragraph 2.31 of the Financial Regulations during the Covid-19 lockdown;
 - Confirm the repairs and maintenance budget allocations for 2020/21, including carry forward funding from 2019/20;
 - Provide a summary of the approach to managing the County Council's built estate and the allocation of funding to address maintenance priorities;
 - Identify the impact of the Covid-19 pandemic on the delivery of the 2020/21 repairs and maintenance programme and the steps being taken by Property Services to mitigate this impact.

Contextual Information

7. The April 2015 [report](#) to the Executive Member Policy and Resources (EMPR) set out the strategies that Property Services adopts to address the maintenance challenges within the corporate and maintained schools estate. These strategies continue to deliver sound outcomes within the available budgets across the schools' and the corporate estates.
8. The repairs and maintenance programmes for 2020/21 represent circa £42 million of further revenue and capital investment in the repair and maintenance of both corporate and school buildings in Hampshire. When combined with the carry forward of funding from 2019/20, the total value of the identified programme is £49 million. This continues to be one of the largest local authority led building maintenance programmes nationally.
9. High level budget allocations for the 2020/21 repairs and maintenance programme and project appraisals for capital schemes with a value of £250,000 or higher, were approved by the Deputy Chief Executive and Director of Corporate Resources in April, as urgent decisions under paragraph 2.31 of the Financial Regulations. This was necessary as formal Member decisions were suspended for a period until the County Council was able to make a decision to amend the constitution and enable virtual decisions to be made using digital broadcasts.
10. The detailed budget allocations and programme of planned revenue and capital projects under £250,000 have been approved under Chief Officer delegations.

Management of Health and Safety

11. As set out in the County Council's corporate health and safety policy, Property Services is responsible for:
 - fulfilling the specific health and safety responsibilities set out in the corporate health and safety procedures;
 - providing assurance on statutory compliance in the Council's built estate; and
 - ensuring effective systems are in place to appoint, manage and monitor contractors working on the Council's built estate.
12. Property Services discharges these responsibilities through a comprehensive suite of operational procedures and processes that follow the 'Plan, Do Check, Act' approach set out in the Health and Safety Executive's "Managing for Health and Safety" (HSG 65) document.
13. Many statutory requirements for the built estate are addressed through scheduled servicing, testing and inspection regimes. Property Services also works closely with the corporate health and safety team to identify and address the most significant health and safety risks through programmes of improvement works. This informs the priorities for allocation of the repair and maintenance budgets across both the corporate and schools' estates.
14. Current health and safety priorities include fire safety, legionella management, asbestos management and tree management.

Corporate Estate

15. The annual Landlord's repair and maintenance revenue budget is used to fund statutory compliance and risk management activities and reactive maintenance across the corporate estate which comprises all the non-school properties within the County Council's building portfolio.
16. The additional landlord's repair and maintenance funding is used to deliver planned maintenance works that address the highest maintenance priorities across the estate to deliver a reduction in health and safety risk and provide an improved operational environment. Property Services works closely with colleagues in all departments to ensure that maintenance investment also takes account of the longer-term plans for the buildings, in line with evolving operational service strategies.

Schools' Estate

17. Schools represent 80% of the County Council's total portfolio of buildings. Property Services' service level agreement (SLA) for schools creates a pooled fund that is used to manage the statutory compliance, health and safety risks and day to day maintenance requirements on a priority basis for those schools in the agreement.

18. The SCA grant for 2020/21 was confirmed in April and is in line with the allocation for previous years. The funding is allocated on a priority basis across a number of key maintenance programmes that seek to address the maintenance backlog liability. This includes the liability arising from the high proportion of 'system buildings' including the SCOLA and timber frame systems used extensively in the 1950s, 60s and 70s. A number of additional SCOLA re-cladding schemes have been identified in the 2020/21 programme.

Academy Joint Working Agreement (JWA)

19. Property Services' Joint Working Agreement (JWA) with academy schools came to an end on 31 March 2020. This followed a review in 2019 that jointly concluded that it is not possible to continue to provide both financial certainty and the desired level of service within this arrangement. It had served all the parties well for a number of years but changing circumstances and budget pressures in Academies meant that the pooled arrangement was no longer viable.
20. To support the academies in their transition to new arrangements, services are continuing on an individual basis for a small number of schools until the end of August 2020. Property Services are carefully managing the transition and withdrawal arrangements such that Academies are provided with good data, all invoices are settled and clarity on responsibilities is explained.
21. Going forward, Property Services will be seeking assurance from the academies that they are continuing to meet their repair and maintenance obligations under the lease agreements with the County Council.

Impact of Covid-19

22. Shortly after the Covid-19 lockdown commenced in late March 2020, Property Services suspended all non-critical maintenance works in occupied buildings. While there was no government mandated closure of construction sites, it was necessary to pause activity to determine whether it could continue safely and to ensure that neither site operatives or building occupiers were put at risk. It should be noted that work continued positively on stand alone construction sites with only a few exceptions. At the time of writing, all these projects are back on site and progressing steadily. There have been some productivity losses as a result of social distancing guidance and the like but the service has worked closely with the contractors to ensure forward progress in line with safe working principles produced by the national industry body – the Construction Leadership Council (CLC).
23. Guidance for all construction sites was developed and issued by the CLC and this has been updated and reissued as government guidance has evolved. Taking account of this guidance, Property Services reviewed and revised its health and safety procedures for all construction work.
24. Property Services has also reviewed the repairs and maintenance programme to determine which schemes can be progressed safely and to ensure that the contractors are willing and able to undertake the work and that building occupiers are happy for the work to proceed. The initial focus has been on those works that

had already commenced on site and works that need to be prioritised for completion over the summer period. Works that were halted on site have been restarted wherever possible and a substantial programme of work has now been identified to be delivered during the summer and is being progressed. Non-critical works in HCC's most sensitive buildings, which include the HCC Care older persons nursing and residential homes, remain on hold.

25. Property Services is seeking to minimise delays to the delivery of the programme this year, wherever possible. It is anticipated that there will be some unavoidable delays, with some projects expected to take longer due to requirements for social distancing on site. This is likely to have some impact on costs, as identified in the recent update report to Cabinet. Property Services continues to provide updates on the financial position to the Head of Finance which is then included in reports to Elected Members. Most recently consideration has been given to a contingency or "capital underwriting" identification. It is too early to say what all the commercial impacts of the crisis will be and early indications of response from the market are very variable. In principle a 10% impact has been identified on projects yet to be let this financial year. There is no funding allocated for this and decisions will need to be made to enable programmes to be contained within revenue budgets or government grant allocations. This could mean less projects being committed in this or future financial years. Priorities will, by necessity, come into sharper focus as a result.
26. Property Services will continue to review the risks arising from Covid-19, in conjunction with local building managers, to ensure that the approach to delivery of the repairs and maintenance programme is adapted where necessary to meet the evolving recovery strategy.

Finance

27. Funding for the maintenance of the corporate and schools' estates is provided within the County Council's Policy and Resources capital and revenue budgets. The total budget available this year is £11 million for the corporate estate and £38 million for schools. The total repairs and maintenance funding of £49 million will make an important contribution to the economy of the County during the recovery phase of the pandemic.
28. Confirmed budget allocations for 2020/21 and the sources of funding are identified on the following page.

Budget	2020/21	Comments
	£'000	
Landlord Repair and Maintenance	7,918	Annual P&R revenue budget
Additional Landlord Repair and Maintenance allocation (£3m for period 2019/20 - 2020/21)	1,500	Second year allocation against the total 2 year funding
Carry forward from 2019/20	25	
Accumulated R&M Reserve	1,056	To support additional investment priorities
R&M reserve 2020/21 contribution	545	Annual allocation
Subtotal Corporate Estate	11,044	
Schools SLA JWA Pooled revenue contributions	13,746	Pooled funding contributions from schools
School Condition Allocation (SCA) grant	17,412	Grant confirmed by the DfE in April 2020.
Carry forward SCA grant from 2019/20	6,917	Allocated to schemes identified in the 2019/20 programme
Subtotal Schools' Estate	38,075	
Grand Total	49,119	

30. The budgets will be used to fund the ongoing annual repair and maintenance demands, including compliance management, servicing and reactive repairs, and to deliver a programme of planned maintenance works that addresses the highest priority maintenance liabilities. The Executive Member is reminded, however, that there continue to be significant maintenance liabilities in the built estate and any additional funding from Government could easily be committed to address the backlog of repairs. Council officers will continue to lobby the DfE and other departments for additional funds and Members' support for this is welcome.
31. New site operating procedures required to address the risks presented by Covid-19 may impact on project costs. Tender prices will continue to be reviewed as projects are procured and the programme will be adjusted on a priority basis, if required, to fit within the allocated budgets.

Performance

32. The primary objective of the repairs and maintenance programmes is to maintain the County Council's operational estate in a safe and useable condition, ensuring compliance with statutory requirements and prioritising repairs that represent the highest risks in terms of health and safety and service continuity.

33. Beyond the critical maintenance work, the programme seeks to achieve the best possible standards of maintenance and repair within available budgetary constraints, to support and enhance operational service delivery.

Consultation and Equalities

34. The 2020/21 repair and maintenance programmes represent planned expenditure of £49m on the County Council's built estate which will address the highest priority condition and maintenance issues. This expenditure will lead to enhanced environments for a range of ages in Hampshire including schools and older persons.

Other Key Issues

Climate Change and the Built Estate

35. The programme of planned maintenance work makes an important contribution to achieving the County Council's targets to reduce carbon emissions and energy consumption from its corporate estate. This includes improving the thermal performance of buildings through re-cladding and re-roofing projects, replacing older plant and installing improved controls and incorporating additional energy saving measures, such as LED re-lighting schemes, into planned maintenance projects.

Digital and Smarter Working

36. Property Services continues to seek opportunities to exploit the benefits offered by digital technology to support the ongoing maintenance and operation of the HCC estate. This currently includes the implementation of a new Asset Management System (AMS) during 2020/21 with a programme of further development in 2021/22 and beyond. The new AMS will include the capability to support an integrated FM helpdesk for reactive maintenance and the scheduling of statutory servicing, inspections and testing, providing improved customer service and a more efficient approach to evidencing statutory compliance.

Future Direction

37. A further update on progress with the 2020/21 repairs and maintenance programme will be provided to the autumn meeting of the Buildings Land and Procurement Panel and the next scheduled meeting of the EMCSHRP.

Appendices

- Appendix 1: Corporate and Legal Information
Appendix 2: Impact Assessments

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

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

Other Significant Links

Links to previous Member decisions:	
Managing Hampshire's Built Estate - Report to EMPR	Date 25.04.2019
Managing Hampshire's Built Estate - Decision Record	30.04.2020

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

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) 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 protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are 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 in which participation by such persons is disproportionately low.

1. Equalities Impact Assessment:

- 2.1 The programmes represent anticipated expenditure of £47m on the estate in 2020/21 (£35m Schools and £12m Corporate) which will address the highest priority condition and maintenance issues. This expenditure will lead to enhanced environments for a range of ages in Hampshire including schools and older persons. For the full EIA assessment please see below [Equality Impact Assessment](#)