

HAMPSHIRE COUNTY COUNCIL

Report

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| Committee/ Panel: | Buildings, Land and Procurement Panel |
| Date: | 13 October 2020 |
| Title: | Property Services: Major Programmes Update |
| Report From: | Director of Culture, Communities and Business Services |

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Purpose of this Report

1. The purpose of this report is to update the Buildings, Land and Procurement Panel on a number of key programmes of work being undertaken by Property Services.

Recommendation

2. That the Buildings, Land and Procurement Panel notes the progress of each of the programmes of work.

Executive Summary

4. The purpose of this report is to provide an update on the major programmes, project and issues currently being progressed relating to:
 - Category Development and Construction Framework Management – regional and national leadership
 - Children’s Services Schools capital programme – design and delivery during the ongoing Covid-19 crisis

5. **Category Development and Construction Framework Management**

6. A new function called Category Development was established in Property Services during the Property Futures change programme to manage the diverse procurement arrangements across consultancy, construction, utilities and Facilities Management (FM). The role of the team is to ensure all the arrangements meet the current needs of the business, drive efficiencies, plan future spend strategies, and to manage relationships with suppliers. Bringing the management of all these arrangements into one efficient team will ensure a joined up and consistent approach. The service has identified around fifty different procurement arrangements such as frameworks, term agreements or long term contracts across the portfolio, and have categorised them into:
 - Construction
 - Utilities
 - Consultancy
 - Hard FM (building and engineering maintenance etc)
 - Soft FM (waste collection cleaning, office management, post and print etc)

8. For some of these arrangements, the Director of CCBS has entered into Joint Working Agreements (JWA) with other authorities to procure on a regional basis in order to share costs and to benefit from large scale aggregation. This methodology lends itself to larger scale work such as construction and consultancy. Property Services has a JWA with Devon County Council to procure and manage a suite of regional construction framework for major projects which was launched in April 2015 and was re procured in 2019. This consistently delivers in excess of £500m construction work a year for a wide range of public sector organisations including local authorities, universities, health clients and blue light services in the South of England and London. It is planned to procure a framework for public sector house building later in 2020 to meet demand which the construction framework is unable to deliver, and have been approached by Acivico, Birmingham City Council's property service who wish to join with Hampshire and Devon Councils. We also have a JWA with Devon County Council and Manchester City Council to procure a consultancy framework covering the full scope of Property Asset Consultancy provision in the South of England, London, the North West and West Midlands. This was awarded in early August.

9. Utilities includes our estate power requirements and provision for schools, Police and Fire Authorities. Gas and Electricity spend alone amounts to £20m per annum and our work involves continuous review to deliver efficiencies in spend and invoicing procedures. We are also considering carbon neutral "green" purchasing options to meet the Council's carbon targets and this is referred to in the Climate Change report elsewhere on the this meetings agenda.

10. Hard FM includes our term maintenance arrangements for around 7,500 Council buildings on approximately 1,500 sites. Total spend is around £15m per annum revenue and a review is under way to ensure the arrangement is maximising efficiencies. The contract is over half way through and early consideration in being given to the design, format and structure of the future client requirements to ensure there is maximum value for money, delivery of a quality of service and effective supply chain management. Property Service manages this contract on behalf of over 300 schools which buy into the service – there are significant economies of scale in collaboration and it generates income for the department.
11. Soft FM is the most varied and challenging category including arrangements such as cleaning, security, grounds maintenance, printing services and waste collection. Spend is significant in excess of £5m per annum. We arrange contracts for the corporate estate and also make them available to schools and other public sector partners such as District Authorities, Fire and Police. Our key role is to ensure that the suppliers deliver best value for money and excellent service. There is a real drive on procuring effective services and managing them closely over the life of any contract. The service has oversight of a very wide range of contracts and manages the future tender pipeline supported by corporate procurement to ensure compliance with regulations and timely planning and delivery.
12. All of this work includes a levy on the underlying contracts which provides an income stream to cover costs, support our wider business, make contributions to overheads in the service and contributes to essential revenue savings in line with T19 and T21 targets. In the financial year 2019 / 2020, the total levy charged was £1,973,000 against a total team income capacity of £1,162,000 which represents £811,000 contribution to overheads. A 70% surplus on costs which is essential to the business model of Property.
13. The effects of the Coronavirus pandemic and resultant National lockdown coincided with the launch of the new cleaning contract for the corporate estate and the extension of the grounds maintenance contracts. The team has negotiated temporary commercial agreements on these and other FM contracts, balancing the impacts on our local suppliers with cost to the Council through advice from the Head of Finance.
14. The Services innovative work on regional frameworks has been replicated throughout England and Wales and the lead authorities in these regions have come together to form a body supported by the Local Government Association called the National Association of Construction Frameworks (NACF). It has as its mission to drive quality, efficiency, social value and innovation in publicly funded construction projects. The body is chaired by team leader of the Category Development team. The diagram below shows how the frameworks have developed under the NACF that delivers a collective total of around £2bn construction projects every year.
<https://nacf.org.uk/>

15. The benefits of collaboration and consultation with other authorities is well recognised by the category team, and the service has long run information sharing meetings with other South East authorities including Surrey, East Sussex, West Sussex and Kent. Recently, led by the Assistant Director - Property Services the team have established a new network, the Southern Public Sector Property Services Network which has brought together key senior officers from Dorset, Surrey, East Sussex, West Sussex and Kent to explore areas of collaboration and to share information. Reading and Southampton are expected to join in the near future.
16. This approach to collaboration and sharing culminated recently in a meeting between sponsoring Councillors from Hampshire and Devon County Councils. Portfolio holders Councillor Reid and Councillor Parsons from Devon agreed to have collective oversight of the joint working as strategic plans for the future are developed, including the implementation of a new Supply Chain Portal to give more opportunity to local supply chains and to form closer working ties with the local industry.

Children's Services Schools capital programme – design and delivery during the ongoing Covid-19 crisis

17. The construction of all the school capital projects that were critical for delivery of additional school places this September continued to progress well on site since late March despite the Covid-19 outbreak. Disruption and any additional cost was minimised and work continued positively and safely on all projects on site.
18. In March 2020, the Cabinet Office issued Procurement Policy Note (PPN) 02/20 providing guidance for public bodies on payment of at risk suppliers and contractors to ensure continuity of service both during and after the Covid-19 outbreak. There have been a number of updates to this guidance and a further PPN 04/20 was issued in June providing guidance on payment to suppliers and contractors during the recovery and transition period following easing of the lockdown.
19. A review of at risk contractors was undertaken and measures were put in place to assist contractors and their supply chains where required, following the guidance in PPN02/20. Measures included ensuring prompt payment of invoices to maintain cash flow and 14-day valuations for larger contracts, where requested by the contractor to further improve cashflow. The level of retention held on previously completed projects was also reviewed and released where appropriate.
20. Although some capital projects did pause for a number weeks at the start of the Covid-19 lockdown, due to a lack of materials and/or availability of labour, only relatively small delays and costs were experienced. Over this period contractors

reviewed their sites and operating procedures and amended these to ensure compliance with central government and Construction Leadership Council (CLC) guidance on Covid site operating procedures. In this process contractors have been treated fairly to ensure that they are not penalised through the application of any contract penalties, within the spirit of the PPN-02/20 guidance.

21. The Property Services team working on the design and delivery of these new schools, school extensions and improvement works have been predominantly working from home over this period. Using mobile and online technology, they have worked collaboratively with contractors and the supply chain enabling all projects to continue construction on site safely. Contingency plans were developed to ensure the projects that needed to be finished to provide new school places were prioritised and these have all remained on track to deliver for both September 2020 and 2021 completions. There were eight projects due to complete for September 2020 and September 2021, together these will provide 3,050 additional school places.
22. The two new academy primary schools at Kings Barton, Winchester and Stoneham Park, Eastleigh, progressed well and completed at the end of July and August respectively. Both projects experienced some modest delay and loss of productivity as a result of the requirement to socially distance on site but remained on programme to install the loose furniture and IT equipment once the building works were complete and were operational in September 2020. These are operated as Academies by the University of Winchester. The University has recently written to Property Services to thank them for the exceptional efforts to keep the work going and the quality of the product. This is a key strand for the Service to ensure that the County Council retain the commissions to deliver schools in Hampshire irrespective of governance or funding sources. These new schools and those in design or construction are evidence of the success of this strategy in delivering good quality new school places on time and to budget.
23. Extension projects at Colden Common Primary and Kings Copse Primary also completed for September 2020, the contractor at Colden Common did have to temporarily close the site due to the inability to secure materials and labour during the Covid-19 lockdown. However, the contractor got back on site quickly and achieved successful completion.
24. The new academy secondary, Deer Park School, at Botley and a new special school, Austen Academy, in Basingstoke are both progressing well on site and are due to open as planned in 2021. Deer Park School will be operated by the Wildern Academy Trust and Austen Academy will be operated by Catch 22.
25. The new permanent building for Cornerstone Primary School, North Whiteley, commenced on site in early June. The start on site was delayed by about a month due to the Covid-19 outbreak but the contractor has reprogrammed works and is still targeting to complete their works in the summer of 2021 for the school to be operational as planned in September 2021.
26. Design work is progressing well on all other projects, as planned, and the next

significant tender returns were received over the summer and were acceptable so work has commenced on site for the extension proposed to Calthorpe Park School to provide 300 additional secondary school places. It is anticipated that this project will complete in the autumn of 2021.

27. Following the completion of Oakmoor School in autumn 2019 the contract to demolish the previous Mill Chase Academy school buildings has now commenced, the works are anticipated to complete in early 2021 and includes the demolition of the existing leisure centre once the new facility is open in the town centre all planned as part of the wider regeneration project for Whitehill and Bordon.
28. There has also been good progress on much needed work to improve facilities and capacity for special educational needs and disability (SEND) provision across Hampshire. In addition to the new Austen Academy noted in paragraph 14 above, the second phase of the improvement works to St Francis School, Fareham, have been started on site. These works are planned to be complete in summer 2021. The proposals to create a Waterloo School satellite SEND provision on the Woodcote Primary School site in Gosport are also now on site. These works are principally remodelling and more modest in scale so they will be completed more quickly. These works are due to complete over the summer.
29. The proposals for improvement and extension works to Shepherds Down School, Winchester are at tender stage and design proposals for an Osborne School satellite SEND provision on the Kings School site in Winchester are being developed.
30. Work is now underway for the replacement of the existing school buildings at Fryern Junior School, Chandler's Ford and Grange Junior School, Gosport. The total cost estimate for full replacement of these two schools is in the order of £15m. The project team have mitigated impacts of Covid-19 on the programme and building works have commenced on site for the school replacement project at Fryern Junior School. Modern methods of off-site construction will minimize time on site and disruption to the schools who remain on site during the re-building works. Building modules are due to begin arriving on site in late November. Design work and contractor procurement is ongoing for Grange Junior School. Value for money is being realised through the economies of scale in adopting a common and innovative approach to the design and delivery of both schools.
31. The basic need programme for temporary modular classrooms for this year comprises 9 schemes with a total value of £2m. This includes the relocation of existing units to Alderwood, Portway, Harrow Way, Talavera and Riverside schools; a new double unit with hygiene room at Forest Park; and a unit with enhanced facilities for SEND at Rachel Maddocks to meet the demands of a bulge in pupil numbers in September 2020. The modular contractors procured to deliver these did have a period of factory closure due to the Covid-19 pandemic, but they maintained programme and have delivered the classrooms required for the start of the academic year. The relocation of units to Brookfield and

Glenwood schools will be carried out in the autumn term as they are not required for new places in September.

32. Children's Services have identified funding of £5m over three years (2019/20-2021/22) to address the suitability of school learning environments. Key workstreams have been identified and are to be prioritised within the provisional funding allocations; these have been themed around teaching spaces, lighting, pupil toilet provision, food technology classrooms and science laboratories. The programme paused due to restricted access to schools during the Covid-19 lockdown period. The programme has now recommenced. Suitability works for SEN schools has been added to key workstreams already identified and provisional funding allocations adjusted accordingly. The first phase of projects has been completed on site, design work on others is underway and the last tranche of projects are to be agreed. Value for money and meeting suitability key criteria remain the focus to identify the remaining cohort of priority projects for further phases. The first phase of expenditure of £1m of this funding has been committed this year for toilet refurbishments, lighting, and classroom ventilation, with further phases of £2m per year to follow.
33. Feasibility work and dialogue with the District and Borough Councils are progressing for future school projects in relation to planned new housing developments across Hampshire. These include the potential for new primary schools at Hartland Park in Fleet, Manydown and Hounsome Fields in Basingstoke, Welborne in Fareham, Berewood in Waterlooville, Horton Heath in Eastleigh, Wellesley in Aldershot, and a new secondary school for North Whiteley. Through negotiation with developers' suitable sites and funding contributions are being sought through S106 agreements. The design of these schools will maintain good standards of provision, delivered on time, to a good quality and at lower cost in response to continued pressure on public spending.

CORPORATE OR LEGAL INFORMATION:

Links to the Strategic Plan

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| 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 |

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

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.

2. Equalities Impact Assessment:

2.1 An equalities impact assessment is not considered relevant in relation to the contents of this report.