

## HAMPSHIRE COUNTY COUNCIL

<b>Committee/ Panel:</b>	Buildings, Land and Procurement Panel
<b>Date of Decision:</b>	29 March 2018
<b>Decision Title:</b>	Property Services: Major Programmes Update
<b>Report From:</b>	Director of Culture, Communities and Business Services

**Contact names:** Steve Clow

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

### Recommendations

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

### 2. Summary

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

- New School's Delivery Programme
- Adult Services Programme (inc AWD & Extra Care)
- Construction Framework
- Carbon and Energy Programmes Update

### 3. Children's Services Capital Programme and New Schools Delivery

3.1 Property Services are continuing to work closely with Children's Services colleagues on the design of new schools, school extensions, children's homes, modular classrooms and special schools. There is also ongoing work on the delivery of programmes of activity such as inclusion, health & safety and access improvements across the schools estate.

3.2 The Department for Education (DfE) now requires that all new schools are academies, delivered as Free Schools either through a DfE 'approved sponsor' route or alternatively through a local authority led 'presumption' route. Both are to be constructed in the context of reduced public spending and are proposed to be at a lower cost than schools previously delivered in Hampshire. Hampshire County Council's Property Services will retain the role of delivery agent and technical advisor to ensure the best outcome within the framework that the DfE sets.

- 3.3 The County Council has been successful to date in working with academy sponsors to gain approval from the DfE for a number of new schools.
- 3.4 There are currently a further eight new schools identified to be delivered in the next four years (2017-2021). The County Council's Property Services has established a partnership with the Education and Skills Funding Agency (ESFA) to undertake local delivery of a number of these as Free Schools. The close working with the ESFA and DfE is currently expected to realise more than £20 million of capital funding over and above developers' contributions for the current programme of new schools.
- 3.5 There is design development and procurement work which is being progressed for new free schools at Boorley Gardens (primary school) and Horton Heath (all through school) with the Wildern Academy Trust and contractors have been selected for both projects and a planning application is being submitted for the Boorley Gardens primary school.
- 3.6 Design work is also being progressed for two new schools(primary school places) at Barton Farm, Winchester and Chestnut Avenue, Eastleigh with the University of Winchester who have been confirmed as the academy sponsor. This schools will be delivered locally by the County Council.
- 3.7 The County Council has also been successful in the first stage of application for a free school for Special Educational Needs in Basingstoke and further design work is now being progressed to secure capital funding from the DfE for this project.
- 3.8 In addition to these free schools there is continuing design development work for a new secondary school for North Whiteley and for the proposed relocation of the existing primary provision at Cornerstones Primary, Whiteley (Church of England Aided School).
- 3.9 Design proposals have been progressed and a contractor confirmed for relocating the existing Mill Chase Academy to a new secondary school site within the new residential development at Whitehill and Bordon. The total cost of the replacement facility is estimated to be £30m including a significant one-off capital contribution of £10m by the County Council. The project has reached the next major milestone in its delivery as it has been successfully tendered and has now started on site.
- 3.10 A programme of projects are progressing well on site for completion for opening this September for additional new primary school places at a number of schools and these include, St James CE Primary School, Tweseldown Infant School, The Butts Primary School, Oakridge Infant & Junior Schools, Emsworth Primary School, Pilgrims Cross Primary School, Romsey Primary School, St Lawrence Church of England Primary School and at Robert May's School for additional secondary school places. The extension project at Bishops Waltham Infant & Junior Schools has been delayed by the contractor's groundworks on site but

the major reinvestment projects at secondary schools, at Kings School, Winchester and at Swanmore College are both progressing well on site.

- 3.11 There is earlier stage design work being carried out for projects to add additional school places at several schools; Church Crookham Infant School, Colden Common Primary School, Four Marks C of E Primary School, Bordon Infant and Junior Schools, Petersgate Infant, Kings Copse Primary School, Castle Hill Primary School, Rownhams St John's School and Whitchurch Primary School and the timing of delivery of these schemes is to be confirmed subject to need of school places.
- 3.12 There is feasibility work for school places to be added at a further 16 schools, including two secondary schools, and more strategic planning work is continuing to be undertaken for new school provision, including specifically at Manydown (Basingstoke), Welbourne (Fareham), Hartlands Park (Fleet) and the wider Fleet area.
- 3.13 Five of the new Children's Homes were completed last year and are in occupation, design for the sixth home in Winchester are progressing well and are based on the design delivered for the other five.
- 3.14 There is continued work with our contractors to keep downward pressure on construction costs and work with our strategic partners to maintain our capacity to deliver. Projects are batched into programmes where possible to achieve economies of scale and a shared design approach (but not a "one size fits all") is being adopted.
- 3.15 There also continues to be discussion with our District and Borough Councils in relation to new residential development and community infrastructure as well as robust negotiations with developers to maximise financial contributions. There are also ongoing discussions with the ESFA and DfE to secure the maximum possible funding with bids submitted to the Free Schools programme.
- 3.16 Value for money for the delivery of new school places continues to be scrutinised and it is evidenced with the benchmarking of construction costs for schools across the country. Despite inflation pressures being experienced in the construction market Hampshire schools costs remain close to the national average. The cost of school delivery in Hampshire has been driven down in real terms over the past five years. The exertion of this downward direction on costs is necessary and will need to continue in the face of further reductions of funding in the public sector and the financial pressures on Local Authorities.

#### **4. Adult Services Programme (inc AWD & Extra Care)**

- 4.1 Property Services continues to support the County Council's Adult Health and Care department to deliver property outcomes for a number of existing and emerging transformation programmes and an update on each these programmes is provided below:

## Learning Disability Transformation Programme

- 4.2 This programme involves the transformation of the Learning Disability Residential (respite and long-term stay) and Day Services provision with various reinvestment projects across Hampshire including: the replacement of the traditional day centres with in effect a “hub and spoke” model of three regional Keystone Centres with supporting Community Link facilities, together with the replacement of an outdated respite service with 2 new, purpose built projects in the north and south of the County. The LD Transformation programme will see a total investment of £11m.
- 4.3 In relation to the transformation of the LD Day Service, community link projects have been opened in Winchester, Eastleigh, Farnborough and New Milton and one of the Keystone projects is currently being delivered with adaptations to the Havant Day Services building.
- 4.4 In relation to the respite service, Hindson House provides an 8 bedded unit in Basingstoke and a scheme for the south of the County has just started on a site in Fareham and is due to complete autumn 2018.

## Older Persons Extracare programme

- 4.5 The County Council’s Cabinet has approved £45m worth of funding (land and capital) for the Older Persons Extracare programme which would see the development of around 500 affordable extracare units on either County Council or third party owned sites with the provision of capital grant subsidy alongside other public funding including housing grant from the Homes England (formally the Homes and Communities Agency [HCA]).
- 4.6 To date the County Council has secured and/or protected the opportunity for a number of serviced sites on third party owned major development areas in Aldershot, Waterlooville, Winchester and Fareham – these will be developed for Extracare accommodation in due course. Through the Extracare Grants programme, money has been given to support schemes in Eastleigh and Winchester – in respect of the latter the Chesil Street scheme is due to open in the summer of 2018. Recently the Executive Member for Policy and Resources has agreed to the selection of Ashley House and Places for People+ as the development partner for the redevelopment of the former Nightingale Lodge/Master’s House site in Romsey to develop a 54 unit scheme. This scheme is scheduled for completion in late summer 2019.
- 4.7 In addition, following approval to a new strategy to support the delivery of mixed tenure extracare schemes, the County Council will be progressing a linked tender process to select development partners on sites in Petersfield (former Bulmer House site); Gosport (former Addenbrooke House site) and New Milton (former Fernmount Centre site). The outcome of this tender process will be reported to a future meeting of the Executive Member for Policy and Resources and subject

to securing planning consents for each site could see the delivery of around 150 further units.

#### Adults with a Disability Housing Programme

- 4.8 In April 2016, the Executive Member for Policy and Resources approved the Strategic Business Case for the Adults with Disability Housing Strategy including the approval to a capital borrowing envelope of up to £35m. Building on the success of the Older Persons Extracare programme, a decision has been taken to support around 600 service users with a learning and/or physical disability to transition from a traditional care home setting into either a shared house or groups of individual flats to achieve more independent living with 24/7 care and support still being available and commissioned by the County Council, subject to the needs of each resident.
- 4.9 The approved strategy identified 3 key areas of delivery:
- Through the de-registration of existing care homes to become shared supported housing.
  - Through the re-use and adaptation of existing, largely third party owned accommodation and/or new developments being undertaken by Registered Providers with the County Council making a capital contribution towards the cost of adaptation or construction by way of a grant.
  - The County Council undertaking a programme of new build accommodation of around 100 units on its own land in areas of greatest need.
- 4.10 A recent procurement exercise has been undertaken to establish a register of providers willing to offer properties for deregistration. It is hoped that this will result in an acceleration of the deregistration process rather than relying on individual procurements for each scheme. To date around 13 settings have been or in the process of being deregistered.
- 4.11 Through a number of small grant awards, twelve re-purposing projects (involving modest adaptations and improvements schemes), together with a capital contribution towards the cost of 8 new build flats as part of a wider residential scheme in Bordon have been achieved providing opportunities for more independent living for around 70 service users.
- 4.12 Significant progress has been made on the new build element of the programme which will see the investment of £26m in around 95 purpose built units across a number of County Council owned sites. More than twenty County Council owned sites were tested for their suitability and capacity to support the delivery of a new build project of groups of flats between 8-10 and 16-18 units, and also smaller more specialist units for physically disabled services users with more complex needs. From this work, a two phase programme was developed with six projects in Phase 1 and two further schemes in Phase 2.

4.13 Within Phase 1, conversion projects of accommodation at New Road, Basingstoke and part of Upton Grey Close, Winchester have been completed and service users will be shortly moving into these schemes. In addition, four new build schemes are under construction on sites in Basingstoke (an 18 unit scheme and specialist bungalow for up to 6 service users), New Milton (18 units) and Aldershot (10 units) and these schemes are due to complete in summer 2018. A Registered Provider was recently appointed to act as managing landlord for the Phase 1 projects. Finally, the project proposals (design and expenditure) for two further projects in Eastleigh and Fareham were recently approved by the Executive Member for Policy and Resources. These projects will deliver a further 31 units.

## **5. Construction Framework**

- 5.1 Alongside the new Southern Construction Framework (SCF) that is being tendered in March in partnership with Devon County Council, work has commenced to define and procure a new intermediate value framework for projects ranging up to £5m. The new framework will be available to neighbouring authorities within the local geography and cater for new schools, extensions and other projects for the County Council and external client users. As with the SCF the new intermediate value framework will include a rebate tariff as a source of income as part of our strategy to generate additional revenue streams to support our wider business and as a net return to the County Council by making contributions to overheads in the Service. The precise detail of this new framework which will be in place from April 2019 will be reported to future meetings of this Panel.
- 5.2 Once the Property Futures review and restructure of the Service has been completed there will be further proposals to supplement the new arrangements for the organisation as a way of modernising our business. Future reports to this panel will provide further details of these proposals.

### Cost Benchmarking

- 5.3 Property Services have just concluded the latest national cost benchmarking of schools study, which is done in conjunction with East Riding Council and the Education and Skills Funding Agency (ESFA). The latest report confirms a continuing downward cost trajectory since 2012, with the Primary School sample showing a reduction at 9% when all of the data is brought to a common price base. The overall sample size is very significant at £3.77billion and is drawn from 126 local authorities across England. The data obtained is also used for costs multipliers and as a basis for developer contributions. The size of the sample provides a strong evidential basis for average costs used to compile the multipliers. This study is unique in its scope and scale and is used by local authorities and the ESFA as a means to share intelligence, analyse trends and support the drive to reduce costs and increase efficiency in the design and procurement of schools.

## Construction Industry Appraisal

- 5.4 The general fiscal position of the UK economy remains uncertain with still no clear outcome of Brexit and future trade deals or the UK's position within the Global market. Government statistics appear to show that the UK construction industry continues to perform well but there has been little growth in a ten year period and growth is still predicted to be slow.
- 5.5 Construction activity in the South East appears to be resilient heading into 2018 having sustained reasonable growth in the second half of 2017. The highest levels of activity still remain in the housing sector, with over half of contracts awarded in this sector although build out rates in Hampshire are still lower than predicted.
- 5.6 More locally the trend in Hampshire shows signs of a lack of confidence in the market and there is concern about workloads for 2018. Generally, short term projects are proceeding but longer-term projects are proving to be more difficult. This is due to a lack of confidence in the market with both Brexit and political uncertainty being cited as the reasons especially in the commercial property sector.
- 5.7 There is still keen interest from our construction contractors to tender for Hampshire County Council projects. The RICS Building Cost Information Services (BCIS) has recently published that in 2017 tender prices increased by 14.6% overall for the year. This is a much higher position than originally indicated from them as they were predicting negative inflation on tender prices. The BCIS have stated this is based on a very small sample of projects so there is caution around this figure. In Hampshire we have not seen this level of increase over the last 12 months in our tender prices which have remained as predicted with increases of up to 3.5% on our 2017 tendered projects.
- 5.8 Taking in to account several sources of information we consider that for 2018/2019 we will continue to see a rise in construction tender prices of up to 3.5% and then for 2019/2020 increases of up to 4%.

## **6. Carbon and Energy Programmes Update**

- 6.1 The Panel recommended that, given the good progress made to date in achieving the original target of 40% reduction by 2025, this target be raised to a 50% reduction by the same date.
- 6.2 The Director of CCBS, supported by the Panel, is progressing a number of programmes to further reduce the county's carbon emissions including the following:
- LED Lighting
- 6.3 The major programme of LED lighting replacement in the corporate estate is now underway with work having commenced in Ell Court South and at the Calshot Activities Centre.

- 6.4 Design work has commenced on five sites and a further five have been surveyed in advance of design work commencing.
- 6.5 When completed in 2019/20, this programme of work will see approximately £1.6m invested resulting in 1.4m kWh of energy saved with a consequent reduction in carbon emissions of 750 tonnes and an energy revenue saving of £240,000 per annum.

#### Energy Supply Contracts & Management

- 6.6 Property Services has employed a specialist Energy Procurement and Supply Manager for a period of time to review the method of purchasing energy, the processes we use and the opportunities for efficiencies and cost savings. In addition, this role will be investigating business opportunities for Property Services to assist in the purchase and management of other public sector partners' energy supplies. The initial phase of work has focussed on driving efficiencies from the remaining two years of existing contracts. A thorough audit has been undertaken to identify improvements in the processes used pay for energy and number of efficiencies have been identified in these processes. Once fully implemented the efficiencies will result in a substantial reduction in the amount of time taken to process the energy bills by the administrative support team. This will contribute to revenue savings in parallel with the County Council's Transformation Programmes.
- 6.7 Alongside this, work has been undertaken to assess maximum capacity available compared to actual electrical use across the highest energy users in the portfolio. Large consumers, like the County Council, pay a maximum demand allocation on a £ per capacity basis. By accurately measuring and predicting future maximum demand, it is possible to reduce the additional allocation and save the cost of this aspect of the energy supplied to the site.
- 6.8 The current energy supply contracts, meter operation and data collection contracts are being aligned to improve operational efficiencies with the benefit of;
  - Providing the opportunity to strategically award all supply agreements with the market at the same time to create efficiencies.
  - Resolving current operational inefficiencies with regards to data collection as a result of recent regulatory changes which occurred.
  - Improving the reporting output from the supplier.
  - Delivering savings to the County Council and our public sector partners who purchase energy through our collective arrangements managed by Property Services and Corporate Procurement.

#### Battery Storage

- 6.9 Early feasibility studies have been undertaken as a result of previous support by this Panel. A report on the progress of this opportunity will be



brought to a future Panel.

#### Electric Vehicles (EV) and charging

- 6.10 The Director CCBS is concluding the procurement of a framework for the installation of electric vehicle charging points which will be open to all public sector bodies. Interest from the industry has been encouraging and a number of authorities have already expressed a desire to use the framework.
- 6.11 Evaluating which vehicles in the county council's fleet could be exchanged' for EVs once their lease term expires continues. 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.

#### Street lighting

- 6.12 The Directors of ETE and CCBS have commenced work to review the potential for a large scale LED replacement programme.
- 6.13 Technical solutions have been developed for the replacement of fluorescent lamps and further work is ongoing into establishing 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.
- 6.14 Initial figures show a £6.7m investment in replacing fluorescent lamps with LED in residential areas would result in energy savings of £1.15m per annum giving a simple payback of approximately 6 years.
- 6.15 Work is ongoing with Salix to determine if a newly established recycling fund could be established which would use an initial injection of capital to commence the replacement of lamps and use the energy savings over a period of time to fund the remaining lamp changes.

#### Schools Energy Performance Programmes

- 6.16 The Director of CCBS is developing a programme with schools to deliver energy saving measures which would be funded by Salix loans paid back through energy savings.

**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.