

HAMPSHIRE COUNTY COUNCIL

Committee/ Panel:	Buildings, Land and Procurement Panel
Date of Decision:	20 June 2018
Decision Title:	Property Services: Major Programmes Update
Report From:	Director of Culture, Communities and Business Services

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1. Recommendations

- 1.1 That the Building, Land and Procurement Panel notes the progress of each of the programmes.
- 1.2 That the Project Appraisal for improvement works to Three Minsters House is supported and recommended to the Executive Member Policy and Resources for approval at an estimated total cost of up to £975,000 inclusive of fees.

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:

- Energy Programme Update
- New School Places Delivery Programme
- Construction Frameworks Update
- Traded Services Update
- Office Accommodation

3. Energy Programme Update

Current Energy Programmes

- 3.1 Work to deliver the new carbon reduction target of 50% by 2025 is continuing to show positive results. Despite the colder than average winter, initial data from the utility companies indicates that our energy use for 17/18 – and therefore carbon emissions – continues to fall.
- 3.2 It must be noted that the data is provisional and that the reduction is small but considering the effect of the winter weather the direction of

travel continues to be downwards.

- 3.3 The Director of Culture Community and Business Services (CCBS), supported by the panel, is progressing a number of programmes to further reduce the county's carbon emissions including the following:

LED Lighting

- 3.4 The major programme of LED lighting replacement in the corporate estate is now underway with the first phases in Ell Court South and at the Calshot Activities Centre now complete.
- 3.5 Design work has commenced on the next phases of Ell Court and sites including the Hampshire Record office, Stubbington Study centre and Swanwick Lodge Children's Home. The Director of CCBS and Head of the Library Service are putting together the next phase of feasibility project for the library portfolio.
- 3.6 Where LED installations have been completed feedback from building users has been very positive. The lighting is modern, higher quality, uses less energy and has lower maintenance cycles costs.
- 3.7 When completed in 2019/20, the LED 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 and Management

- 3.8 The revised arrangements put in place following an audit of the administrative processes by the Property Services Energy Procurement and Supply specialist have already resulted in a reduction in the time taken each month to process invoices from the utility companies. A complete process review has been undertaken leading to saving in time and resource benefitting services beyond Property.
- 3.9 Our major energy contracts typically run for a 5 year term and at the end of each contract Property Services, together with the suppliers, undertake reconciliation for all sites. This exercise takes into account billing errors, corrected estimated readings. The size, scale and complexity of this task means it can take many months to complete.
- 3.10 The Director of CCBS has recently completed the reconciliation of the previous contracts which has resulted in £220,000 being returned to the County Council from the utility suppliers and almost £400,000 to the schools who purchase energy through our contracts.
- 3.11 The current energy supply contract, meter operation and data collection contracts expire in October 2019 and the Director CCBS is currently undertaking a market analysis exercise to inform how the next set of energy contracts should be structured and procured. Recommendations will be shared with the Panel in due course in good time for the

procurement of the contracts.

Battery Storage

- 3.12 A report on the progress of this opportunity will be brought to a future Panel when the workstream has progressed, however the Director of CCBS is currently exploring with the industry a number of alternative battery technologies and applications which may be appropriate for deployment.

Electric Vehicle (EV) charging

- 3.13 In March, the Director CCBS launched the new electric vehicle charge point framework. Over 40 people from 25 public sector bodies attended the launch event hosted by Property Services.
- 3.14 An additional five electric vehicles have now been delivered to add to the Hampshire fleet, charge points have been installed at Bar End supplies depot in Winchester and further points are currently being fitted at the Bishops Waltham Highways depot. Departments and services are being proactive in supporting the initiative by leasing and piloting electric vehicles.
- 3.15 Initial viability studies have identified around 70 sites where charging points could be installed and this will be further refined with more detailed studies.
- 3.16 Initially over 30 vehicles in the County Council fleet have been identified as being suitable for 'conversion' to EV as early adopters.
- 3.17 Interest from other public sector bodies in the charging framework continues to be strong and the Director of CCBS is working with a number of them to define their requirement. The framework provides an easy route to market for the public sector, facilitates the installation of more charging points and will bring an income into the County Council to cover the cost of management – a “cost neutral” solution.

Street Lighting

- 3.18 The Directors of ETE and CCBS have commenced work to review the potential for a large scale LED replacement programme.
- 3.19 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.
- 3.20 Work is ongoing with Salix to establish if a recycling fund could be established to finance this programme. Salix have advised that bids will open later in 2018.

Working with schools

- 3.21 The Director of CCBS has developed a programme with schools to deliver energy saving measures which would be funded by Salix loans paid back through energy savings.
- 3.22 There are currently around 30 schools engaged at various stages of the process, 2 schemes were completed in Easter holidays, a further 10 have had viability and energy surveys carried out or planned, 6 are to have initial visits by the energy team to discuss process and consider at viability and 12 more have expressed an interest and have been sent the information pack.

4. New School Places Delivery Programme

Property Services are continuing to work with Children's Services on the design and delivery of a significant number of new schools (including a special school), extensions to existing school, new modular classrooms and work to improve existing settings. There are several primary school extensions and two new primary schools to be completed this summer to provide additional primary school places across Hampshire. There is more regular contact and work with the Education Skills Funding Agency and academy sponsors. Wildern Academy Trust, University of Winchester, University of Chichester, and Catch 22 (Academy Sponsor) on developing proposals for new academies. The most advanced proposals are those to relocate Mill Chase Academy for which there is a significant one-off capital investment of £10m by the County Council, this has started on site and steelwork is being erected. Feasibility work continues to plan the provision of additional new school places for the projected primary and secondary pupil numbers and to maintain design quality at lower costs in response to continued reductions in public spending. There is ongoing dialogue with District and Borough Councils and negotiations with developers in planning new school provision in relation to new housing developments across Hampshire.

5. Construction Frameworks Update

- 5.1 As reported to the meeting in March 2018, the new Southern Construction Framework (SCF) is currently being tendered in partnership with Devon County Council, and will be in place for April 2019. Work has commenced to define and procure a new intermediate value framework for projects ranging up to £5m to replace the existing which expires in June 2019. The new framework, based largely on the existing model, 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. All of the HCC frameworks 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.

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.

6. **Traded Services Update**

6.1 Alongside delivering significant programmes of work for the County Council, joint working partners, schools and academies, Property Services continues to provide professional services to a range of external clients, in line with the corporate traded services strategy. In 2017/18 a total of £9.35m of fee income was earned from clients outside the County Council, including maintained schools, academies, Police, Fire, Reading Borough Council, Isle of Wight Council and West Sussex County Council. Within this income there is a contribution to overhead costs of approximately £1.6million.

6.2 The management of the regional construction and modular building frameworks generate income of around £1.5million in 2017/18 and the heritage architecture team continues to work with a variety of organisations to conserve important historic buildings and develop and deliver new and enhanced visitor attractions in the Hampshire region. Property Services continues to work with Reading Borough Council through the Reading Hampshire Property Partnership, currently delivering a programme of office rationalisation and providing support to ongoing discussions with the Education and Skills Funding Agency (ESFA) regarding new school places.

6.3 Property Services, as reported to the Panel in January, are now progressing the detailed design work on four pilot local delivery projects for the Education and Skills Funding Agency (ESFA) Priority School Building Programme (PSBP2). These projects will see the complete recladding of four Hampshire system built schools. The current estimate for the four projects is £10.3m inclusive of fees.

6.4 Property Services are also working on the feasibility of a further project for a scheme on the Isle of Wight (IoW) currently estimated at £2m to refurbish the Downside Middle School in Newport. It is hoped the outline business case for this project will be signed off by the ESFA shortly allowing the detailed design work to be undertaken and tenders invited.

6.5 The ESFA have now also instigated a further commission for seven more refurbishment projects for the IOW under the PSBP2 programme. It is early days at the moment but these works are likely to be significant refurbishments or replacements of the seven schools involved and offer the opportunity of some interesting projects for Property Services. This new commission represents a significant growth in a developing relationship for Property Services delivering projects for the ESFA. It is good to see the ESFA recognising the skills and capacity within Property Services. It is anticipated that the total value of the works across the pilot sites and including the latest commission will exceed £30m.

- 6.6 Property Services continues to seek new business opportunities that fit with our forward business plan and capacity. Over recent months, we have been in discussion with West Sussex County Council regarding professional property support to a variety of programmes of work including Adult Services, Children's Services and upgrades to Fire Services assets.
- 6.7 We have also recently agreed to provide professional services support to Surrey County Council and Southampton City Council.

7. Office Accommodation

- 7.1 Work is continuing on the implementation of the Office Accommodation Strategy reported to the Panel in January 2018. The strategy seeks to build on the previous successful Workstyle programme to deliver a £1.3m saving from more efficient utilisation of the corporate office portfolio. The approach is based on consolidation of HCC staff in order to release space for leasing to third party organisations. This approach fits within the wider organisational change to introduce new ways of working and increase productivity through the introduction of new digital and mobile technology.
- 7.2 Opportunities are being explored and developed across a number of key corporate office buildings in consultation with HCC departments, to ensure that the approach takes account of emerging operational strategies for Transformation to 2019 and beyond, including a move to increased partnership working. Discussions are also ongoing with a number of current and potential partner organisations, particularly within the health sector, who may be seeking alternative office accommodation and where co-location with HCC may provide operational benefits.
- 7.3 Confirmation of specific proposals and timing of implementation continues to be challenging due to uncertainty around the impact of operational strategies and increased flexible and mobile working on the location and number of staff who occupy our corporate offices. Due to the long lead in times and interdependent nature of office moves, it is expected that the full delivery of savings will go beyond April 2019.

8. Three Minsters Hose improvement works – project appraisal

- 8.1 The Panel will be aware of the fire that occurred in the roof of Three Minster House in September 2017. Work to reinstate the damage caused by the fire is now complete and clearance of the site and contractor's compound is under way.
- 8.2 A review of all corporate office accommodation in Winchester was undertaken during 2017 as part of the development of the Office Accommodation Strategy reported to the Panel in January 2018 and referred to in section 7 of this report. This review confirmed Three Minsters House as a key building for retention and ongoing occupation

by the County Council.

- 8.3 To support this strategy, it is now proposed to undertake a programme of internal improvement work that will modernise the infrastructure of the building and increase the efficiency and flexibility of the internal space to maximise its utilisation.
- 8.4 The proposed improvement works include:
- upgrades to power and data to provide modern services infrastructure and support the roll out of new IT technology as part of the corporate Enabling Productivity programme, including upgrade of the corporate WiFi in line with other buildings in the Winchester HQ;
 - installation of LED lighting as part of the energy efficiency programme outlined in section 3 of this report;
 - a new fire alarm system and additional physical fire precautions to support the increased utilisation of the building;
 - minor internal alterations to maximise the flexibility and efficiency of the internal spaces and support new ways of working.
- 8.5 The estimated value of the works is £975,000 including professional fees at 16.5%.
- 8.6 The contract works will be funded from the Policy and Resources Landlord Repair and Maintenance budget as set out in the 'Managing Hampshire's Built Estate' report to the Panel in March 2018, with a contribution from the Energy Performance Programme budget for LED lighting.
- 8.7 It is proposed to procure the contract through the Minor Works Framework, with works commencing in Autumn 2018. It is anticipated that the building will be fully reoccupied by Spring 2019.

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:	
<u>Title</u>	<u>Date</u>
Direct links to specific legislation or Government Directives	
<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.)

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

IMPACT ASSESSMENTS:

1. Equality Duty

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

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

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

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

1.2 Equalities Impact Assessment:

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.