

HAMPSHIRE COUNTY COUNCIL

Decision Report

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| Decision Maker: | Executive Member for Commercial Strategy, Human Resources and Performance |
| Date: | 13 October 2020 |
| Title: | Managing Hampshire's Built Estate |
| 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 provide an update on the delivery of the County Council's 2020/21 repair and maintenance programmes for the corporate and schools' estates. The report provides details of funding allocations, the impacts of Covid-19 on the delivery of work programmes and the approach taken by Property Services to mitigate these impacts.

Recommendations

2. That the Executive Member for Commercial Strategy, Human Resources and Performance notes:
 - The progress made in delivery of the 2020/21 repairs and maintenance programmes for the corporate and schools estates.
 - The additional schools condition allocation funding.
 - The impact of Covid-19 and the steps taken by Property Services to mitigate this.

Executive Summary

3. This report seeks to:
 - Report the progress on delivery of the 2020/21 repairs and maintenance programme for the corporate and schools' estates;
 - Provide an update on the allocation of funding to address the highest priorities across the corporate and schools' estates;

- Report on 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

4. The 'Managing Hampshire's Built Estate' report to the Executive Member for Commercial Strategy, Human Resources and Performance on 20 July 2020 set out the urgent decisions made during the Covid-19 lockdown (as a result of the temporary cessation of Executive Member decisions) by the Deputy Chief Executive and Director of Corporate Resources to allow essential progress to be made on the delivery of the 2020/21 repairs and maintenance programme for the corporate and schools' estate.
5. These decisions included confirmation of the 2020/21 funding totalling £49 million, high level allocation of this funding to address repairs and maintenance priorities, and approval of project appraisals for named capital schemes with individual values of £250,000 or more. The detailed budget allocations and programme of planned revenue and capital projects under £250,000 were approved under Chief Officer delegations by the Deputy Chief Executive.
6. The report also identified the impact of the Covid-19 lockdown on the delivery of the 2020/21 repairs and maintenance programme, as understood at that time, and the steps being taken by Property Services to mitigate this impact.
7. The easing of lockdown measures in the early summer removed some of the previous constraints, but a number of Covid-19 related challenges remain and continue to impact on the delivery of the programme.
8. Covid-19 has, however, created a number of new opportunities as central government seeks to drive economic recovery through allocation of additional funding to key priorities. This includes £560m of additional funding identified to address schools' condition, with £8m of this being allocated to Hampshire County Council as additional Schools Condition Allocation (SCA) grant funding. This is a very welcome additional funding stream and can will contribute to further projects of an essential repair and maintenance nature in the schools estate. Additionally as part of "[Plan for Jobs](#)" there are opportunities to bid for funding from the £1bn attributed to the Public Sector Decarbonisation Scheme and £1bn for a Schools Rebuilding Programme. Details are awaited on the bid criteria and officers are reviewing potential projects that could be submitted once these are known.
9. There continues to be significant pressure on the repairs and maintenance budget for corporate buildings due to the extent of maintenance liability across the estate and the lack of any revenue or capital funding streams from government as exists for schools. Priorities are kept under continual review to ensure that funding is allocated to address the most urgent needs. This

year will be pivotal year as liabilities are putting significant pressure on existing budgets particularly for health and safety priorities. The impact of the Covid-19 pandemic means that all non-essential expenditure has to be carefully considered and there is little flexibility for one off capital funding which has been used to good effect in previous years to tackle the repairs backlog.

Impact of Covid-19 on planned programme delivery and emerging work

10. 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, for both site operatives and building occupants. Works on stand alone construction sites continued successfully throughout the lockdown. Good progress on the schools capital programme is described elsewhere on this agenda in the Major Programmes Update Report.
11. To support the closure and re-opening of County Council buildings due to Covid-19, Property Services and the corporate Health and Safety team provided guidance to building managers on actions required to maintain the safety of the buildings, including testing of fire alarms and flushing of water systems to manage the risk from legionella. This guidance was also shared with partner organisations including Police, Fire, Hampshire Cultural Trust and community groups.
12. During the lockdown period, Property Services' teams continued to work on the design and procurement of repairs and maintenance projects to ensure that any delays to the programme could be minimised. By early summer the majority of paused works had recommenced on site and good progress had been made on the development of new schemes. This allowed a substantial programme of work to be mobilised to site over the summer to take advantage of the better weather and the summer break at schools.
13. Property Services' teams have worked closely with contractors and building occupiers to ensure that appropriate measures are in place to manage the risks arising from Covid-19. For some projects, where social distancing measures have a greater impact on the work being undertaken, there has been some impact on the contract duration and associated costs. However, this is affecting only a small proportion of projects. Limited additional costs have been covered corporately by a fund created specifically for this eventuality and all expenditure agreed with the Head of Finance and subsequently included in the Covid-19 finance reporting to Cabinet.
14. Particular care has been taken at the County Council's nursing and residential homes to ensure that vulnerable residents are safeguarded from any Covid-19 risks that could arise from the delivery of maintenance work. Property Services' teams continue to work closely with the Registered Managers to manage access to these buildings and ensure that works are undertaken safely. There are also some school sites where works have been paused or

delayed for a short period at the start of the autumn term, to allow the schools to settle into their new routines.

15. In light of the significant financial challenge faced by the County Council due to Covid-19, the repairs and maintenance programme for the corporate estate has been carefully reviewed to ensure that all identified expenditure is fully justified. Adjustments have been made to the programme to ensure that repair and maintenance priorities that have emerged since the start of the current financial year can be addressed within current funding allocations.
16. Maintenance funding for the schools' estate is ringfenced and funded by schools or government grant only and therefore work has continued on the agreed programme. The announcement of additional funding for schools' condition will allow the programme to be expanded to address further repair and maintenance priorities which is very welcome. Members are reminded that total repair liabilities assessed on a periodic basis by survey and intelligence far exceed the annual budgets available. Officers continue to lobby the DfE in particular for additional funding for school buildings and support from BLaPP is always welcome in this regard.

Management of health and safety

17. Scheduled servicing, testing and inspection regimes form a key part of the effective management of health and safety risks across the built estate and these have continued over recent months.
18. This has included the completion of a substantial programme of fire safety surveys on all properties that provide overnight accommodation across the estate and therefore represent the highest risks from fire. A programme of repairs and improvements to the physical fire precautions in these buildings is now being progressed. The Property Services' Fire Team will also be supporting the review of the fire risk assessments for these buildings which inform the local management arrangements for fire safety and evacuation procedures. The strong and effective partnership with Hampshire Fire and Rescue Service continues to support the approach and priority in this essential area. Close working between service departments, corporate health and safety and Property Services ensure effective coordination and formulation of programmes of improvement work.
19. Arrangements for the management of legionella were maintained throughout the lockdown period. With many buildings closed or at very low occupancy levels during lockdown, guidance was issued to sites to ensure that additional flushing and temperature checks were undertaken when buildings were reopened. Within the HCC care nursing and residential homes, these measures are supplemented by water sampling and testing and follow up remedial measures to address infrequent localised detections.
20. A programme of legionella improvement works planned for a number of HCC Care homes was paused during the height of the pandemic but has now been

restarted, as access restrictions at these buildings have been eased. Work to address issues that are identified through the temperature monitoring regime is ongoing. Although out of range temperatures represent only around 2% of the 11,600 items of legionella data collected, tracing and rectifying the causes remains a significant and important task.

21. The tree survey programme has continued, including monitoring ash die back across the county. Ash die back has not had a major impact to date and appears to affect groups of trees rather than isolated specimens. Where die back is present, the trees are removed to address the risk, in line with the agreed corporate policy. The strategy is coordinated with activities in other services including Countryside and Highways.
22. The health and safety performance on maintenance and project work has been positive so far this year, with zero significant accidents or incidents recorded. There is regular reporting through our internal management meetings and ongoing liaison with the corporate health and safety teams.
23. A recent Southern Internal Audit Partnership audit of Property Services' project health and safety procedures concluded a "**substantial assurance**" rating (the highest possible), reinforcing the good work undertaken in respect of contractor management responsibilities.

Corporate estate

24. The impact of temporary Covid-19 shutdowns and furloughing of staff within some contractor and supply chain organisations delayed some repairs and maintenance projects in the corporate estate programme at the beginning of the year. The impacts were not as significant as initially expected and, where necessary, key projects have been re-programmed into the autumn and early winter.
25. A number of additional repair and maintenance priorities have emerged since the start of the year. These include urgent reactive repair and lifecycle replacement works and works to address health and safety priorities. Additional funding is also required on a small number of projects to address increased costs arising from the Covid-19 measures that need to be put in place by contractors. This has been reported to the Head of Finance and included in the financial impact assessment shared with Cabinet.
26. In light of the wider financial pressures caused by Covid-19, the repairs and maintenance programme for the corporate estate has been fully reviewed and a number of planned schemes have been deferred to future years, where this can be done without significantly impacting on safety or service continuity. This, together with the allocation of the repairs and maintenance reserve funding, means that the most urgent priorities can be addressed within current budget allocations.

27. Deferrals and additions to the 2020/21 repairs and maintenance programme have been approved under Chief Officer delegations.

Schools estate

28. Despite the delays incurred at the start of the financial year due to the Covid-19 lockdown, good progress has been made on the delivery of the repairs and maintenance programme for schools. All works that needed to be undertaken during the summer holiday period were completed and work to develop the larger projects continues well, with works on site due to commence in the spring and summer of 2021, in line with the planned programmes.

29. On 29 June, the Prime Minister announced an additional £560m for repairs and upgrades to school buildings, on top of funding already allocated for the current year. The additional funding has been received as an addition to the School Condition Allocation (SCA) grant, with the County Council receiving a further £8.1m, bringing the total SCA grant for 2020/21 to £25.5m.

30. Property Services and Children's Services will jointly agree priorities for this additional funding that target educational benefit and reduce maintenance liability. It is currently anticipated that approximately £4m of the additional funding will be allocated to address the next two priority SCOLA re-clad projects with the remaining £4m used to fund a number of smaller schemes addressing common condition related themes. These include roofing upgrades, window improvements, boilers and pipework infrastructure and upgrading electrical infrastructure including distribution boards.

31. Named schemes with individual value over £250k will be added to the capital programme through Executive Member and Council approval early in 2021 with the lower value schemes and programmes of work approved under Chief Officer delegations.

32. At the end of June, the government also announced a new schools re-building programme, with £1bn identified for the first 50 projects. Property Services is working with Children's Services to review potential projects that could meet the necessary criteria, aligning with priorities identified from the DfE's Condition Data Collection (CDC) survey information. The planned "shovel ready" projects to replace the timber framed buildings at Grange and Fryern Junior schools have been shared with the DfE. Although initial feedback suggested that these do not meet the criteria for the programme, the DfE has made contact recently and further discussions are to be held. Opportunities to bid for this additional funding will continue to be rigorously and enthusiastically pursued.

Finance

33. Following confirmation of the additional SCA grant for 2020/21, the total repairs and maintenance funding available this year is circa £57 million, of which £11 million is allocated for the corporate estate and £46 million for schools. The funding sources are set out in the table below.
34. As noted in paragraphs 25 and 26, the repairs and maintenance reserve funding for the corporate estate has now been allocated to address urgent maintenance and health and safety priorities that have arisen since the start of the financial year. The impact of using the accumulated reserve now means that future years additional pressures cannot be absorbed. The liabilities and priorities for 21/22 will be reviewed as part of the autumn budget setting process. This is expected to be a very challenging process for the Council and senior officers are acutely aware of the need to be rigorous in our recommendations to Members.
35. As noted above, work has commenced to identify the most critical priorities to be addressed using the additional £8.1 million SCA grant. Schemes with an individual value of £250k or above to be recommended for addition to the capital programme in early 2021.

| 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 | |

| Budget | 2020/21 | Comments |
|---|----------------|--|
| Schools SLA JWA Pooled revenue contributions | 13,746 | Pooled funding contributions from schools |
| School Condition Allocation (SCA) grant 2020/21 | 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 |
| Additional Schools Condition Allocation (SCA) grant 2020/21 | 8,086 | Additional grant confirmed by the DfE in August 2020. |
| Subtotal Schools' Estate | 46,161 | |
| Grand Total | 57,205 | |

36. In March 2020, the Cabinet Office issued Procurement Policy Note (PPN) 02/20 providing guidance for public bodies on payment of at risk suppliers 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 during the recovery and transition period following easing of the lockdown.
37. 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.
38. Although some maintenance projects did pause for a few weeks at the start of the Covid-19 lockdown, due to a lack of materials and/or availability of labour, only small delays were experienced. Contractually the restrictions imposed are deemed to be a Force Majeure event. Applicable Extensions of Time have been granted to contractors to ensure that they are not unfairly penalised through the application of contract penalties, within the spirit of the PPN-02/20 guidance.
39. Two of the four term maintenance contractors (TMCs) made claims for relief under PPN-02/20, which allowed for continuation of normal payments up to the end of June, even if service delivery was disrupted or temporarily suspended. Total relief paid by HCC to the TMCs in the period to end of June was £250,874.

Performance

40. The primary objective of the repairs and maintenance programmes is to maintain the County Council's 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.
41. Property Services ensured that critical maintenance services were maintained throughout the Covid-19 lockdown period and worked closely with building occupants as buildings re-opened. Throughout the Covid-19 lockdown and ongoing period of recovery, critical repair and maintenance work has continued across the estate and

Consultation and Equalities

42. The repair and maintenance programmes are developed in consultation with schools and County Council departments to ensure that proposals meet the needs of building occupants and align with longer term service plans and asset strategies.
43. The 2020/21 repair and maintenance programmes represent expenditure of £57m on the County Council's built estate, addressing the highest priorities condition and maintenance issues. This expenditure will reduce health and safety risks and create improved environments, benefiting all those who occupy and access services from these buildings.

Other Key Issues

Climate Change

44. 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 and photovoltaic panels, into planned maintenance projects.
45. The announcement in July 2020 that the government will invest £1 billion over the next year in a Public Sector Decarbonisation Scheme offers HCC and its public sector partners the opportunity to bid for grant funding improve energy efficiency and implement low carbon heat upgrades across its built estate. More detail on the climate change and carbon strategy and progress on the successful reduction programmes is included in the report elsewhere on this agenda.

Digital and Smarter Working

46. Work to replace the current Property Services' asset management system continues to progress positively. A four-year contract was let to Concerto in May 2020, for the replacement system. Good progress continues to be made with mobilisation towards the implementation date of April 2021.

Future direction

47. Throughout the remainder of the financial year work will continue to progress the agreed 2020/21 programme of works and recover as many delays as possible caused by Covid-19.
48. With the financial pressures created by Covid-19 on the County Council, repairs and maintenance work on the corporate estate will continue to be carefully considered to ensure that the available funding is directed at the most critical priorities to maintain a safe estate and support service continuity.
49. A number of opportunities have been created by central government to secure additional funding which, if successful, would contribute towards the improvement in condition and reduction of maintenance liabilities across the built estate. Work will continue through the autumn to identify opportunities and prepare compelling bids.

REQUIRED CORPORATE AND 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 |

NB: If the 'Other significant links' section below is not applicable, please delete it.

Other Significant Links

| | |
|--|-----------------------------------|
| Links to previous Member decisions: | |
| <u>Title</u> Managing Hampshire's Built estate – Report to EMCSHRP | <u>Date</u> 20.07.2020 |
| Direct links to specific legislation or Government Directives | |
| <u>Title</u> Procurement Policy Note 02/20 Procurement Policy Note 04/20 | <u>Date</u> 03.2020 06.2020 |

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.)

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 The 2020/21 repair and maintenance programmes represent expenditure of £57m on the County Council's built estate, addressing the highest priorities condition and maintenance issues. This expenditure will reduce health and safety risks and create improved environments, benefiting all those who occupy and access services from these buildings. For the full EIA assessment please see the [Equality Impact Assessment](#).