

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth & Resources
DATE	26 September 2019
EXEMPT	<p>Appendices B, C and D have a confidential version which are exempt under paragraph 8.</p> <p>Estimated expenditure on Contracts. 'This report refers to the acquisition or supply of goods/services where disclosure to the public of the amount to be spent would be likely to give an advantage to a person or organisation seeking to enter a contract with the Council.'</p> <p>Appendices F and G have a confidential version which are exempt under paragraph 10.</p> <p>The identity of the authority (as well as of any other person by virtue of paragraph 6 above) as the person offering any particular tender for a contract for the supply of goods or services.</p>
CONFIDENTIAL	No
REPORT TITLE	Condition & Suitability 3 Year Programme and Northfield Pool Project
REPORT NUMBER	RES/19/301
DIRECTOR	Steven Whyte
CHIEF OFFICER	Stephen Booth
REPORT AUTHOR	Alastair Reid
TERMS OF REFERENCE	Purpose 5. To approve and monitor an appropriate strategy for the Council's estate, including plans for investment, disposal and maintenance.

1. PURPOSE OF REPORT

- 1.1 This report seeks approval of an updated 3-year Condition and Suitability (C&S) Programme. In addition approval is sought for the Northfield Swimming Pool Business Case and associated Procurement Business Case.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Notes the projects completed or legally committed to date in 2019/20 as shown in Appendix A;
- 2.2 Notes the currently approved projects and approves the amended estimated budgets for each project as shown in Appendix B;
- 2.3 Approves the new Condition & Suitability Programme projects listed in Appendix C for inclusion in the 3-year Condition & Suitability Programme and approves the estimated budget for each project and delegates authority to the Chief Officer - Capital, following consultation with the Head of Commercial and Procurement Services, to consider and approve procurement business cases for each of these projects for the purposes of Procurement Regulation 4.1.1; and thereafter to procure appropriate works and services, and enter into any contracts necessary for the projects without the need for further approval from any other Committee of the Council;
- 2.4 Approves the removal of the projects listed in Appendix D;
- 2.5 Delegates authority to the Chief Officer - Corporate Landlord, following consultation with the Capital Board and the Convener and Vice-Convener of this Committee, to amend the C&S Programme should priorities change due to unforeseen circumstances during the year, with such changes to be reported retrospectively to the Committee; and
- 2.6 Approves the Northfield Swimming Pool Business Case shown in Appendix F; and
- 2.7 Approves the Northfield Swimming Pool Procurement Business Case shown in Appendix G for the purposes of Procurement Regulation 4.1.1 and delegates authority to the Chief Officer – Capital, following consultation with the Head of Commercial and Procurement Services, to procure appropriate works and services, and enter into any contracts necessary for this project without the need for further approval from any other Committee of the Council.

3. BACKGROUND

- 3.1 This report brings together, for Members' approval, the proposed 3-year Condition & Suitability (C&S) Programme (2019/20 – 2021/22) for the condition and suitability works on the Council's General Fund property portfolio. This report seeks approval of the revised 3-year programme.
- 3.2 The total budget allocation for the 3 years is £29.173m. This programme was prepared utilising the detailed property information gathered as part of the development of the Property Asset Management Framework, and after discussions with all relevant Chief Officers.

Proposed 3 Year Programme

- 3.3 Projects with a value of £3.879m have already been completed to date or are legally committed in 2019/20. The completed and legally committed are detailed in **Appendix A**.
- 3.4 A further £16.808m is allocated to currently approved projects as shown in **Appendix B**. A confidential version of Appendix B is included within today's confidential reports, which details the approximate cost for each project and the revised budgets where applicable.
- 3.5 As certain projects have progressed through the detailed scoping and feasibility stage, it is evident that an enhanced scope of work is highly desirable or indeed essential. The budgets currently allocated will not cover the enhanced scope of works. As such additional budget allocations totalling £4.622m are sought for these projects as shown in Appendix B. This includes an allocation for Northfield Swimming Pool as explained in section 3.13 of this report.
- 3.6 The additional budget allocation for a new Salt Store at Tullos Depot is included on a provisional basis. This project is currently progressing through the governance and approval process, which will include the completion of a business case. Should the project not be approved alternative projects will be identified for inclusion in the programme and reported back to this Committee in due course. The project at Harlaw Road Pavilion was approved for inclusion in 2018 on a similar basis. Work on the associated business case is ongoing and approvals will be sought in line with governance processes.
- 3.7 The above allocations leaves £3.414m available for new projects to allow the continued condition and suitability work to be progressed. The proposed programme is contained in **Appendix C**. A confidential version of Appendix C is included within today's confidential reports section, which details the estimated cost for each project.
- 3.8 £0.45m has been left unallocated. The recommendation is for this to be used as a reserve fund which can address increased budgetary demands for individual projects or be allocated to urgent projects not previously identified. Over the last 12 months the reserve fund and underspends were used for the following projects:-
- Northfield Swimming Pool – New project to develop design proposals and estimated costs.
 - Duthie Park – Revised budget to accommodate full scope of water supply improvement works.
 - Woodside Primary School – Revised budget to accommodate full scope of roof refurbishment works.
 - Beach Leisure Centre – New project covering atrium glazing repairs.
- 3.9 The proposed allocation of the £29.173m is shown below:-

Budget Requirement	Allocation
Projects Completed or Legally Committed	£3,879,000
Currently Approved Projects	£16,808,000
Additional Budget for Existing Projects	£4,622,000

New Projects	£3,414,000
Reserve Fund	£450,000
Total	£29,173,000

- 3.10 In addition to the major works contained in the overall programme, a combined sum of £662k has been identified for minor works (£562k already approved and an additional £100k). These works are primarily related to Health and Safety, Asbestos removal and Disability Discrimination Act projects. This list requires to be flexible as works often have to be carried out at short notice to address health and safety issues or to remove asbestos after it has been identified. The proposed allocation of the £662k is:-

	2019/20	2020/2021	2021/22
Asbestos Removal	£100k	£100k	£90k
	Completed/programmed:- <ul style="list-style-type: none"> • Northfield Community Centre. • Skene Square School. • Ashley Road School. 	Projected budget allocation.	Projected budget allocation.
General H&S Works	£50k	£50k	£40k
	Completed/programmed:- <ul style="list-style-type: none"> • Removal of unsafe play equipment. • Station House. Slip resistant surfaces on steps. 	Projected budget allocation	Projected budget allocation
Fire Risk Audit works	£67k	£60k	£40k
	Completed/programmed:- <ul style="list-style-type: none"> • Culter Primary School. Gas supply improvements. • Harlaw Academy. Emergency lighting. • Westburn Centre. Upgrade fire alarm panel. 	Projected budget allocation	Projected budget allocation
Legionella Works	£25k	£20k	£20k
	Completed/programmed:- <ul style="list-style-type: none"> • Danestone Primary. Install controls to control water temp 	Projected budget allocation	Projected budget allocation

- 3.11 The projects shown within **Appendix D** are recommended for removal from the programme. The reasons for doing so are also shown in the Appendix. A confidential version of Appendix D is included within today's confidential reports section, which details the estimated cost for each project.
- 3.12 The provisional 3-year programme will allow substitution of projects should it not be possible to implement any of the projects on the primary list, or should a statutory requirement arise. Potential projects for future programmes have been identified and could be brought forward in some instances. These projects are shown in **Appendix E**. It should be noted that Appendix E is not a definitive list of potential condition and suitability projects.

Northfield Swimming Pool Extension & Refurbishment

- 3.13 At the Council Budget meeting of 5 March 2019 the Chief Officer - Corporate Landlord was instructed “to incorporate the Northfield Pool Refurbishment and Balnagask Motte projects into the Corporate Condition and Suitability Programme, and present an updated 3-year programme to the September meeting of the relevant committee”. As shown in Appendix B there is currently a budget allocation against the Northfield Pool project. This to date has covered the development of the options, production of estimated costs and is sufficient to bring the project to ‘Cost Certainty’ stage.
- 3.14 A Business Case has been completed for this project as shown in **Appendix F**. This shows that there is a strategic requirement for service provision to continue at the facility and that the proposed enhancements have significant benefits. It is recommended that Option E is progressed, with the full estimated cost of that option identified in the confidential version of the business case. Sport Aberdeen have written to the Council to advise that they will make a financial contribution towards funding the project. The amount is shown in Appendix F. This contribution would only apply if Option E is progressed and the Council fund the remainder of the balance. The additional C&S budget required to proceed with that option is identified in Appendix B.
- 3.15 The Aberdeen Sports Facility Strategy adopted in 2016 notes that ‘the city has a recognised over-provision of water space’. Progressing Option E would ensure that Northfield Pool becomes a key contributor to the water space of the city. It is summarised in the strategy that “there will be a need for the City Council and its partners to make informed, but tough decisions on the potential rationalisation of the City’s older stock, especially in relation to swimming pools”. Other pools that do not make the same level of contribution as Northfield, may be considered for rationalisation.

Procurement Procedures

- 3.16 When inviting tenders or entering into contracts for the C&S Programme Aberdeen City Council Procurement Regulations 4.1.1.1 and 4.1.1.2 will be followed.
- 3.17 Contracts below £50,000 (supplies/services) or £250,000 (works).
Subject to budget approval, the relevant Chief Officer may give authority to conduct any procurement where the estimated value of contract is below £50,000 (supplies/services) or £250,000 (works). The procurement shall be undertaken by a Delegated Procurer in line with Section 4.3 of these Procurement Regulations.
- 3.18 Contracts above £50,000 (supplies/services) or £250,000 (works).
Contracts with an estimated value of above £50,000 (for supplies/services) or above £250,000 (works) shall be listed on the workplan to be submitted by the relevant Director or Chief Officer in accordance with Procurement Regulation 14.6. Each individual contract will also require a Business Case (conforming to a template approved by the Head of Commercial and Procurement Services) to be submitted by the relevant Chief Officer to this Committee. The approval of this Committee is required prior to the procurement being undertaken.

- 3.19 The majority of the projects are below the £250k (works) limit and will be procured under regulation 4.1.1. Around 20 projects are estimated to be greater than £250k and require a procurement business case. If recommendation 2.3 is accepted the procurement of those projects will be approved through that route. Should the recommendation not be accepted then they will be procured under regulation 4.1.2. Therefore a procurement business case would be submitted for approval as part of an appropriate update of the Resources workplan.
- 3.20 It is proposed to procure the Northfield Swimming Pool project through a National framework. The Procurement Business Case to support this is shown in **Appendix G**.

Monitoring and Reporting of Programme

- 3.21 Monitoring of the programme will be carried out in line with the capital monitoring procedures. This includes monthly progress reports to the Capital Board chaired by the Chief Officer Corporate Landlord. In addition, progress is reported to the Capital Programme Committee.
- 3.22 An annual report to this Committee will be required to add a further year to the programme and revise any individual budgets if necessary. Changes to the programme reports will be submitted in line with recommendations 2.5 and 2.6.
- 3.23 Monitoring and reporting of the workplan is performed by this Committee. With the annual workplan being updated prior to the commencement of each new financial year, with updates to workplan submitted as required throughout the year.

Property Asset Management Policy and Statutory Performance Indicators

- 3.24 The approved Property Asset Management Framework has the following vision for property assets:-

“The Council will provide property, working with partners, where appropriate, which supports the Council in the delivery of quality services by being fit for purpose, accessible, efficient, suitable and sustainable.”

- 3.25 In terms of Condition and Suitability this means that the aim is to have all assets in A or B Condition and A or B Suitability. In addition publicly accessible buildings are targeted for A or B accessibility. The definitions of the gradings are contained in **Appendix H**.
- 3.26 Targets for improving the percentage of assets in satisfactory condition/suitability and reducing the required maintenance levels are reported through the Statutory Performance Indicators (SPI). This programme along with the rationalisation of our portfolio and property related capital projects will provide the main tools for meeting these targets. **Appendix I** of this report provides the SPI definitions and graphical representation of the trends across 5 years.

3.27 The Performance Management Framework report also submitted to this Committee summarises the SPI's for CL1 – Accessibility, CL2a – Condition, CL2b – Suitability and CL3 – Required Maintenance.

4. FINANCIAL IMPLICATIONS

4.1 Expenditure will be in accordance with the Council's approved General Fund Capital budget. The budget identified in years 1-3 in the Capital programme for the Condition & Suitability (C&S) programme is £29.173m.

4.2 There are further allocations of £8m in 2022/23 and £8m in 2023/24. Giving a combined indicative 5-year budget of £45.173m. Projects shown in Appendix E will form the basis for years 2022/23 and 2023/24.

4.3 To manage unexpected costs or additional works that may be required a reserve fund budget of £0.45m will not be allocated at this time. This budget will be used to accommodate increased budgetary requirements or urgent projects not previously identified.

4.4 There will be flexibility within the 3-year programme for approved projects to move between financial years, however the overall spend will remain within the total budgeted profile.

4.5 Specific demolition projects contribute to the revenue savings identified in the Asset Review Business Case. These will continue to be reported through Transformation processes.

4.6 If approved the Northfield Swimming Pool project will be removed from the C&S programme and inserted into the Capital Programme as a standalone project. The budget implications are shown in Appendix F.

5. LEGAL IMPLICATIONS

5.1 All contracts to be tendered shall be done so in accordance with the ACC Procurement Regulations and the applicable legislation.

5.2 A funding agreement between Sport Aberdeen and the Council will need to be put in place to facilitate the contribution towards the Northfield Swimming Pool project.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
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Financial	Total cost of projects is greater than available budget.	L	Appropriate budget monitoring.
Legal	None.		
Employee	If the recommendations are not approved there may be a delay in delivering improvements to places of work.	M	Continue to prioritise projects.
Customer	If the recommendations are not approved there may be a delay in delivering improvements to publicly accessible assets. Potentially leading to a poorer visitor experience.	M	Continue to prioritise projects.
Environment	None.		
Technology	None.		
Reputational	<p>Certain projects will not be included which may be viewed negatively by the public and/or press. Given that funding would be in place for many other projects the risk would be low.</p> <p>The increased budget requirements for projects shown in Appendix B could be perceived negatively by the public and/or press.</p>	<p>L</p> <p>L</p>	<p>This risk could be managed through appropriate communications.</p> <p>The reasons for the budget changes are explained within the appendix, so the risks are considered low.</p>

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous People	The Northfield Swimming Pool project contributes to this them as detailed in section 2 of Appendix F.

Prosperous Place	The Northfield Swimming Pool project contributes to this them as detailed in section 2 of Appendix F.
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Design Principles of Target Operating Model	
	Impact of Report
Partnerships and Alliances	The Northfield Pool project creates an opportunity to use the principles within Partnerships and Alliances. It is very much a project that has common outcomes for the Council and Sport Aberdeen. A key element of making this project successful will be ensuring roles and responsibilities are clear.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

- 9.1 Condition & Suitability 3-year programme report to City Growth & Resources Committee 18 September 2018 (item 18).
<https://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=618&MIId=6192&Ver=4>

10. APPENDICES (if applicable)

- 10.1 Appendix A – Complete or Committed Projects
- 10.2 Appendix B – Currently Approved Projects
- 10.3 Appendix C – Proposed New Projects
- 10.4 Appendix D - Projects to be Removed
- 10.4 Appendix E – Future Projects
- 10.5 Appendix F – Northfield Pool Business Case

10.6 Appendix G – Northfield Pool Procurement Business Case

10.7 Appendix H – Property Asset Management Definitions

10.8 Appendix I – SPI Tables

11. REPORT AUTHOR CONTACT DETAILS

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