



2022/23
REPROFILING OF CAPITAL PROGRAMMES

1. PURPOSE OF REPORT

- 1.1 At the City Growth & Resources Committee meeting held on Tuesday 21 June 2022 the Committee instructed the Chief Officer Capital to review the General Fund (GFCP) and Housing Capital (HCP) programmes.
- 1.2 This report presents the outcome of the review.

2. CURRENT SITUATION

Background

- 2.1 At the City Growth and Resources Committee meeting on Tuesday 21 June 2022 the Committee considered the report Supply Chain Volatility - RES/22/131. It was determined that the Chief Officer – Capital should conduct a review of the approved General Fund and Housing Capital programmes/projects in terms of timeline delivery and financial viability and to consider the impact on service delivery as a result of revised delivery timelines.
- 2.2 The Committee took into account the need to review the purpose of the projects in the Capital Programmes and to pause to consider the implications of rising cost and supply chain issues that had been highlighted by the report. Seeking assurance that continuing to progress, to delay or to stop projects was seen as an important action to take to test best value, the deliverability of projects and appropriateness of scope prior to proceeding.
- 2.3 The review has therefore been informed by the following criteria:
 - Investment, why are we doing it / meeting outcomes;
 - Economic, value for money;
 - Commercial, procurement / delivery mechanism;
 - Environmental, inclusive of Net Zero;
 - Timing, where in the project lifecycle – feasibility, design, under contract, in construction;
 - Interdependencies, between projects and outcomes.
- 2.4 The programmes/projects which are considered as being suitable or need to be reprofiled are shown in Tables 1-2 for the General Fund.

General Fund Capital Programme (GFCP)

- 2.5 The GFCP is divided into the following sections for budgeting purposes;
 - Projects Due for Completion
 - Rolling Programmes
 - City Region Deal
 - Fully Legally Committed Projects
 - Partially Committed Legal Projects
 - Projects with Indicative Budgets
- 2.6 These headings reflect the legal status of the contracts involved in delivery of the projects. To an extent this dictates the level of flexibility that the Council has

in terms of reprofiling, pausing or cancelling projects. This is explained in more detail in the following sections.

- 2.7 Projects Due for Completion: The projects listed within this section are expected to complete in the current financial year. In many cases, the works are already physically complete, and the budgets relate to payment of final fees or outstanding contractor claims. For this reason, these projects are effectively excluded from this reprofiling exercise.
- 2.8 Rolling Programmes: These programmes relate to the on-going investment in sustaining the Council's existing asset base i.e. investment in buildings, roads, fleet and ICT. It is proposed to maintain budget levels as originally approved in March 2022.
- 2.9 What this means in practice is, given current market conditions and commodity cost inflation pressures, if the approved budgets are retained unchanged, it is likely the volume of work delivered under each project line is likely to be reduced.
- 2.10 With no certainty of if or when the disruption to the supply chain and inflation levels will change, and with an ongoing annual need to replace, reinstate and renew assets through the rolling programmes, whilst not ideal, it is considered appropriate to recommend this course of action. To delay works that may very likely lead to emergency or unplanned repair and maintenance work is not an affordable or attractive alternative either.
- 2.11 Therefore, it is not proposed to reprofile these programmes regarding this risk. It could be 1 - 2 years before we see any real retraction in costs, but this will be dependent on the construction sector and how it copes with external factors such as, but not limited to:
- the Covid-19 pandemic
 - Brexit
 - the Russia / Ukraine war
 - Inflation
- 2.12 City Region Deal: This section of the GFCP relates to the Council's funding commitment to the Aberdeen City Region Deal (£10m). It also includes those projects funded by the City Region Deal that the Council has been asked to lead on as they directly relate to investment in Council-owned infrastructure.

The current 5-year total of this section of the GFCP is just under £30m.

Decisions in relation to the City Region Deal programme are reserved to the Aberdeen City Region Deal Joint Committee. No re-profiling of City Region Deal projects is proposed under this report.

- 2.13 Fully Legally Committed Projects: This section contains those projects which have progressed to tender and subsequent engagement of a contractor. Most of these projects are "on site", though a number have already progressed to

Practical Completion; the budgets remaining relate to settlement of final claims from the contractor(s) involved.

- 2.14 If any of these projects were to be terminated it would result in the Council having to invoke termination clauses in legal agreements, which generally result in compensation payments to the contractors involved, as well as payment for any works carried out. This action could also result in the Council being handed incomplete assets which would be unusable without further investment. In any such cases, consideration may have to be given to “writing off” the capital investment incurred, which could result in significant unplanned charges against the Council’s revenue account.
- 2.15 The current 5-year total of this section of the GFCP approved in March 2022 is just under £100m, with all budgets profiled to be utilised by the end of 2023/24.
- 2.16 Having reviewed this section the only projects which require to be reprofiled are as follows (see Table 2);

Provost Skene House - Construction complete. Financial close out on-going.

Aberdeen Art Gallery - Construction complete. Financial close out on-going.

Milltimber Primary School - Construction complete. Financial close out on-going.

TECA - Construction complete. Financial close out on-going.

Early Learning & Childcare - Construction complete. Financial close out on-going.

Union Terrace Gardens - Construction works are well advanced and nearing completion. The latest information is for Practical Completion to be achieved late Autumn 2022.

As this project is incomplete, if the main contractor was instructed to stop works this would lead to the following:

- Gardens would remain inaccessible to the public as there would be health and safety issues due the incomplete nature of walkways and cladding works.
- Pavilions fit-out would be incomplete and the expectation is they would be unable to be let due to the incomplete nature of the gardens.
- Soft and hard landscaping incomplete.

Countesswells Primary - Construction works are well advanced, and the expectation is for the new school to be open in Spring/Summer 2023.

This project is currently around half completed. If the main contractor was instructed to stop work this would lead to the following:

- The site would be unusable, with incomplete works across the full extent of the site. There would be health and safety issues and the on-going cost of security obligations of managing a building site.
- There are existing developer obligations in accordance with an agreed Section 75 agreement, some of which have already been applied to the project and may have to be returned if the project was not completed.
- Not fulfilling the obligations within the Section 75 Agreement would also mean that local children would need to be educated outwith the local community. The existing school at Hazlewood would need to continue to be used.

Considering all the above there would be reputational damage to the Council as it has previously committed to delivering the school, and it would not be fulfilling its role in wider community planning. Terminating the project would also be contrary to the Partnership Policy Statement.

Torry Primary School and Hub - The main contract for this project was let in late March 2022 and is now considered fully legally committed, with the main contractor having been on site for approximately 4 months. The project is circa 25% complete.

If the main contractor was instructed to stop all works this would lead to the following:

- The site would be left in a condition which was unusable, with incomplete works across the full extent of the site. There would be health and safety issues and the on-going cost of security obligations of managing a building site.
- The £2m Regeneration Capital Grant Fund contribution to the project would likely require to be re-paid to the Scottish Government.

Terminating the project would also be contrary to the Partnership Policy Statement.

- 2.17 Partially Legally Committed Projects: This section of the GFPC contains a range of projects which are at various stages of feasibility or design, or payment for advance works, but the main contract has not yet been formally let. It should be recognised that some of these projects have already incurred significant costs to progress to their current position.
- 2.18 This section also requires to be kept under review as there are projects which have now progressed to Fully Legally Committed stage e.g. the main contract for South College Street dualling was let in recent weeks, and the main contractor started on site on 20 June 2022.
- 2.19 As with the Fully Legally Committed projects, if any of these projects were to be terminated it would result in the Council having to invoke termination clauses in legal agreements, which generally result in compensation payments to the contractors involved, as well as payment for any works carried out. The risk of the Council inheriting incomplete assets which would be unusable without further investment also exists here.

- 2.20 The current 5 year total of this section of the GFCP approved in March 2022 is just under £250m.
- 2.21 Having reviewed this section the only projects which require to be reprofiled are as follows (see Table 2):

Tillydrone Primary School - The enabling works are now complete for the proposed 3-stream primary school. This encompasses drainage and ground works such as foundations. The outstanding work packages have been priced but are coming in significantly over budget.

Current school roll forecasts are suggesting that the current primary education provision in Tillydrone is sufficient.

Cancelling the project would mean that the site would be unusable, with incomplete works across its full extent. There would be health and safety issues and the on-going cost of security obligations of managing a building site. It would also contradict the Partnership Policy Statement. The existing Riverbank Primary would not be able to decant to the new site, which would also effectively cancel the planned refurbishment of the existing primary school building for the decant of St Peters RC Primary.

The intention is still to deliver the 3–stream school as part of the wider school estates strategy. Given the current market conditions and the current pricing of work packages the recommendation is to undertake a retendering exercise to test best value. This retender exercise will likely involve a 4-6 month delay to the project delivery timeline.

It is worth noting that this period may have to be extended to align with any statutory consultations should this be required following consideration of the forthcoming School Estate Strategy.

This project needs to be reprofiled.

Berryden Corridor - The new infrastructure delivered by this project will increase corridor capacity & improve its operation, reinforcing its role as a Radial Route within the new Roads Hierarchy, while also accommodating traffic associated with CCMP Public Realm projects rerouting through the northern network. It will reduce congestion, shorten journey times and improve journey time reliability. Thus, it provides much improved access to the city centre and relief on less appropriate routes through adjacent neighbourhoods. The improved standard of design will increase road user safety and the perception of safety along the corridor.

It should be noted that enabling/demolition works need to commence in 2023 to preserve the planning approval.

This project budget was reprofiled as part of the approved General Fund Capital programme in March 2022. No further reprofiling is currently proposed at this time.

Strategic Land Acquisition – provision for the purchase of land across a number of schemes. This has been reviewed and is recommended to be increased and reprofiled to meet current review information. Schemes included are such as but not limited to Berryden Corridor and Wellington Road.

Aberdeen Hydrogen Hub - The General Fund Capital Programme contains two project lines relating to the Aberdeen Hydrogen Hub; one for funding the recently created Joint Venture with BP (H2 JV), and another which deals with the Council's own Hydrogen-related infrastructure.

No reprofiling of either project is currently proposed at this time.

City Centre and Beach Masterplans – At present the CCMP budget contains a limited number of legally committed projects. This is because there is still an extensive amount of work to be carried out and the full extent of current design aspiration is not yet costed, and business cases are required to provide the Council the opportunity to make decisions. In the current construction climate it is easy to foresee that additional funding will be required to deliver the full extent of the ambition.

The Committee will be aware that there is also a funding risk around the £20m Levelling Up (LUF1) funds awarded for the Aberdeen City Centre Masterplan. This follows the recent decision in relation to bus access to Union Street - Central.

Given the volume of work still to be undertaken in design, and also the anticipated delivery timetable, at this stage of project delivery there are no recommendations in this report to reprofile the City Centre and Beach Masterplan budget at this time.

Under the current timeline for delivery, continued investment in the design development is recommended, which will lead to recommended project options with Business Cases for further Committee consideration.

The Council has applied for the second round of Levelling Up Funding, with project proposals included from within the Beach Masterplan.

- 2.22 Projects with indicative budgets: This section of the GFCP generally contains projects at the earliest stage of development, however it is not unusual for some of these to progress rapidly to either Partial or Fully Legally Committed status. The £25m Contingency approved by the Council in March 2022 is also part of this section.
- 2.23 Three projects have progressed to Fully Legally Committed since the Budget was set in March 2022:
- Torry Primary and Hub - £24.362m

- Aberdeen Hydrogen Hub Joint Venture – £19.25m
- The Woodies - £0.075m (the project has already been completed)

2.24 There are a range of issues which need to be considered for the projects which remain in this section of the programme (see Table 2).

Bridge of Don Household Waste Recycling Centre (HWRC) - There is a requirement for a new household waste recycling centre within the Bridge of Don locality as the existing site is inadequate and no longer fit for purpose.

The Council has a statutory duty to provide the public with a facility to deposit household waste. Over the past decade and more, the requirement, both legislatively and environmentally, for increased sorting and treatment of materials such as electrical goods, wood, paint, etc have placed significant additional pressure on those facilities which were not designed for this level of separation. The current site is now too small as it does not provide for the required demand and suffers from traffic management issues.

Cancelling the project would likely mean the Bridge of Don area would be unable to meet its recycling targets.

A number of sites are currently under consideration and recognising that recycling will be critical within the Council's strategy of how it deals with its waste it is recommended that this project continues.

This project needs to be reprofiled.

B999 Shielhill Road Junction Improvements - This project has been in the approved programme for a number of years and recognising that the timing of its delivery is linked with developer obligations which have to be committed by 2026.

However, at the Council meeting on 13 July 2022 the Council agreed that the B999 / Shielhill Road junction improvements project is a priority investment within the Council's Capital Programme and instructed the Chief Officer Capital to review the project's current planned timeline and identify options to accelerate its delivery.

It has previously been reported to the Capital Committee that the current delivery timeline is for construction in FY 2023/24. Following the review this is still the case.

Due to cost environment this project has therefore been reprofiled from a cost perspective. The reprofiling has assumed a favourable negotiation for private land purchase which does not require compulsory purchase powers to be enacted. If this was to be the case, then this would delay construction for circa a further year than that profiled.

Torry Development Trust - Former Victoria Road School - This project is fully funded by the Scottish Government Regeneration Capital Grant Fund.

Officers from the City Growth cluster are finalising arrangements to passport the grant funding to Torry Development Trust.

This is the only route available to the Trust to access these grant funds so if the Council withdrew from the project the Trust would need to reconsider the viability of the project.

This project is being reprofiled separately to reflect the update funding profile agreed with the Regeneration Capital Grant fund.

Dyce Library Relocation - This project involves the relocation of the existing Dyce Library to a new location within Dyce Community Learning Centre. There are already £618k developer obligations available for this project from several different obligations

A pre-tender estimate of the relocation has been prepared taking cognisance of expected material and construction costs. Should the pre-tender estimate be correct there is a high likelihood that there will be a need for additional budget provision.

The current library is facing ever increasing demands and cancelling the project will mean the current library will continue to struggle to meet these demands due to a lack of space.

There is also a funding risk that some of the currently available developer obligations may have to be returned to the Developer(s) if the spend by date expires.

Stopping the project will also mean the potential disposal of the existing Dyce Library building to generate a capital receipt will be unable to taken forward.

This project needs to be reprofiled.

Joint Integrated Mortuary - The Scottish Government has paid £18 million towards the costs of the Joint Integrated Mortuary at Aberdeen Royal Infirmary. The funds were received by the Council at the end of 2021/22 on the basis that a partnership approach to the project across the NHS, local government and other public sector bodies would be adopted.

Under the Public Health (Scotland) Act 2008, Local Authorities and NHS Boards have a duty to co-operate to provide mortuary facilities. This provision includes a repository for post-mortem examination facilities. Each Local Authority must provide or ensure the provision of premises and facilities:

- For the reception and temporary storage of the bodies of persons who die in the authority's area; and
- For the post-mortem examination of such bodies, as it considers appropriate.

To date, total funding to the value of £21.576m is expected to be provided by partners for the project. These conversations are on-going. Stopping the project

now will likely mean losing these funding contributions, and repayment of the £18 million grant to the Scottish Government.

Moving the public mortuary from its current location at the rear of the old Police HQ building is essential to progressing with the Queen Street Masterplan aspiration which is currently under development.

If the existing project did not progress, an alternative site would need to be identified for the City's new mortuary. Finding an alternative site has proved difficult in the past.

This project needs to be reprofiled.

St Peters RC Primary Relocation - Progressing this project is currently dependent on completion of the new Tillydrone Primary School, to allow the decant from the existing Riverbank Primary School.

In order to facilitate this relocation, the new Riverbank Primary School will need to be delivered and the existing Riverbank Primary School will need an extensive refurbishment. Only after this work is complete can a decant from St Peters RC primary take place.

The refurbishment of the existing Riverbank Primary School has already been allocated £17m through the GFCP. An application is currently being prepared for submission to the Scottish Government's Learning Estate Infrastructure Programme (LEIP) for funding support for operating the refurbished school. This application requires a high degree of energy efficiency to be achieved and would result in the first 'green school' for the Council.

Enabling the decant would mean the potential disposal of the existing St Peters School to derive a capital receipt.

This project needs to be reprofiled.

Bucksburn Academy Extension (temporary solution) - Officers are working on completing the necessary contracts to purchase the modular accommodation. If the units are not purchased, the school is forecast to remain over capacity from the start of the 2022/23 academic year with the pressure this creates on curriculum choices due to limited classroom space.

It is not proposed to reprofile this budget at this time.

Early Learning & Childcare - St Josephs - The business case for this project indicated that there was a surplus of available nursery places within the local area of St Josephs RC Primary, and there is therefore no identified need to proceed with the project.

Due to demands on in-house resources, no detailed progress has been made on the project. If the project was to proceed a decision would be required on

whether the new nursery should be created in a standalone unit in the school grounds, or by refurbishment within the school buildings.

Capital funding for Early Learning and Childcare expansion provided in prior years by Scottish Government has been fully spent and therefore any additional provision at St Josephs Primary School is not funded. The revenue implications are also unfunded, with reductions experienced in the grant funding made available for this specific policy.

It is recommended this project is removed from the General Fund Capital programme.

Garthdee Link Road - This project assumes all costs are to be recovered at the end of the project by accessing a Housing Investment Fund associated to the City Region Deal. The Council will have to cashflow the project through its design and construction stages depending on any agreements to be made with the Scottish Government over accessing this Fund.

Officers have held early discussions with the developers involved in the wider plans for the area, however no commitments on works have been made to date.

The Partnership Policy Statement refers to this project as the Pitfodels Link road and indicates Council funds should not be used to support the project.

It is recommended this project is removed from the General Fund Capital programme.

Expansion of Free School Meals to P6 and P7 Pupils - The Council submitted cost estimates (for P6/7 expansion) to the Scottish Government in October 2021. At that time no spare capacity could be identified to progress this initiative.

The capital works which have been flagged to the Scottish Government as being needed to expand school catering and dining facilities indicate that more space and equipment must be provided before capacity can be further increased.

The funding requested of the Scottish Government to deliver this expansion was circa £11m. The Council awaits a response from the Scottish Government.

Contingency - Taking cognisance of all the above, and subject to Committee decisions, the recommendations in this paper will draw much of the Contingency budget into existing projects.

The Contingency budget has been reprofiled in Table 2 assuming all the recommendations are accepted.

The remaining Contingency budget provides resilience for continuing unknowns in respect of projects such as but not limited to the Art Gallery Court Case, the

New Joint Integrated Mortuary project; and potentially provide support for other project related costs on the Council estate.

Bearing in mind current market pressures and the pricing being experienced it remains a risk that the Contingency budget may prove to be insufficient in the medium term.

Housing Capital Programme

2.25 The Housing Capital Programme is broadly divided into two distinct categories which are then subdivided into other sections as shown below;

Scottish Housing Quality Standards

- Compliant with the tolerable standard
- Free from Serious Disrepair
- Energy Efficient
- Modern Facilities & Services
- Healthy, Safe & Secure

Non Scottish Housing Quality Standards

- Community Plan & LOIP
- Service Expenditure

2.26 These headings are then further sub-divided to reflect the various distinct elements of capital funded works which are routinely carried out in a typical housing unit to make them safe, habitable, watertight and secure.

2.27 In general, the Housing Capital programmes/projects are primarily rolling refurbishment/replacement programmes of works, such as, but not limited to, windows, doors, bathrooms, and kitchens. There are however other distinct projects/housing units that require more extensive works to make the safe and secure and habitable which are related to their structural integrity and external fabric e.g. in relation to multi storey tower blocks.

2.28 Notwithstanding this, the most significant project line within the Housing Capital programme is the budget for New Build/Formal Council House Buy Back.

2.29 The budget line for this item, located within the Community Plan and LOIP section, is circa 85% - 95% of this section's expenditure, and more than 50% of the full 5 Year Housing Capital programme. Circa 75% of the New Build/Formal Council House Buy Back programme is planned for financial years 2022/23 and 2023/24.

2.30 Importantly, for the same two years when viewed together, it is circa two thirds of the overall 5-year Housing Capital Programme. Clearly any movement/change in this level of expenditure will have a significant influence on the overall Housing Capital budget.

2.31 Members will appreciate that Capital expenditure must be funded, and any borrowing required in support of the Housing Capital Programme is paid for

from the Housing Revenue Account. This is turn is funded by rental income from the Council's tenants.

- 2.32 For the reasoning above, it is proposed that the reprofiling of programmes/projects within Housing Capital is best focussed on the new build/former council house buy back.
- 2.33 For the other project lines within the Housing Capital Programme, it is proposed to maintain budget levels as originally approved in March 2022.
- 2.34 As with the General Fund Rolling programme, what this means in practice is, given current market conditions and commodity cost inflation pressures, if the approved budgets are retained unchanged, it is likely the volume of planned work delivered under each project line is likely to be reduced.
- 2.35 With no certainty of if or when the disruption to the supply chain and inflation levels will change, and with an ongoing annual need to replace, reinstate and renew assets through the rolling programmes, whilst not ideal, it is considered appropriate to recommend this course of action. To delay works that may very likely lead to emergency or unplanned repair and maintenance work is not an affordable or attractive alternative either.
- 2.36 New Build/Former Council House Buy Back: The new housing sites are being delivered by two strands:
- Developer Led
 - Wellheads
 - Summerhill
 - Auchmill
 - Cloverhill
 - Council Led
 - Kincorth
 - Craighill
 - Tillydrone
 - Kaimhill

Terminating these contracts is in some cases illogical, as the works are already complete. In other cases, it would result in the Council having to invoke termination clauses in legal agreements, which generally result in compensation payments to the contractors involved, as well as payment for any works carried out. This action could also result in the Council being handed incomplete assets which would be unusable without further investment. In any such cases, consideration may have to be given to "writing off" the capital investment incurred, which could result in significant unplanned charges against the Council's revenue account.

For the **Developer Led sites**, these projects and budgets are fully committed. The works at Wellheads are complete with units handed over and only final account negotiations outstanding. The two sites at Auchmill and Summerhill are

well advanced such that a phased handover of units will commence soon. In short, these works should all be concluded. Scottish Government grant has been received in respect of these sites.

This only leaves the Cloverhill site, which is by far the largest. Works commenced earlier this year, so the project is at an early stage of construction. However, it should be noted that the works are extended over a 5-year period and the contract is for a fixed price.

No reprofiling of the Developer Led projects is currently proposed.

The four **Council Led sites** were awarded directly and procured through a two-stage design and build tender process.

The first stage covered the enabling works packages (groundworks) and the second stage the construction works (generally everything else above ground level) which are outstanding. All four sites are at different stages of delivery.

The current position for these four sites is to close out tender offers for the outstanding work packages. These tender exercises are highlighting a significant increase in cost.

For all four sites an exercise is underway to look at what value engineering, if any, can be adopted to reduce expenditure.

Craighill - The enabling works concluded in July 2022.

Cancelling the project would mean that the site would be unusable, with incomplete works across its full extent. There would be health and safety issues and the on-going cost of security obligations of managing a building site.

Kincorth - The enabling works are planned to conclude in October 2022.

Cancelling the project would mean that the site would be unusable, with incomplete works across its full extent. There would be health and safety issues and the on-going cost of security obligations of managing a building site.

Tillydrone - The enabling works concluded in June 2022.

The Tillydrone project is further advanced than both the Craighill and Kincorth projects. More than half the construction packages are now instructed with structural works and above ground works underway. Cancelling the project would mean that the site would be unusable, with incomplete works across its full extent. There would be large areas of part-built buildings and materials on site and there would be health and safety issues and the on-going cost of security obligations of managing a building site.

Kaimhill - The enabling works concluded in June 2022. It is worth noting that this project is the smallest of the four Council Led projects (35 units) and has the least cost.

Having said that the project could still be cancelled but like the others it would mean that the site would be unusable, with incomplete works across its full extent. There would be health and safety issues and the on-going cost of security obligations of managing a building site.

Recommendation: Council Led Sites

In light of the erratic tender submissions which are currently being submitted across all 4 Council Led sites, and notwithstanding the implications of pausing works, it is considered prudent that the construction works on all 4 sites should pause at the next most appropriate milestone in each of their respective delivery timelines. It is considered that the current cost proposals are not delivering best value.

This will allow officers, supported by consultants, to investigate what options are then taken forward to try and mitigate the current cost pressures through value engineering, alternative procurement routes or re-phasing the delivery of the respective projects.

The outcome of this exercise will be reported to the next appropriate City Growth and Resources Committee meeting.

Clinterty - Aberdeen City Council is responsible for the maintenance of the Gypsy Traveller Site at Clinterty, including tenancy management. The site opened in 1982 and requires to be upgraded as the service is vital to ensure the wellbeing and needs of Gypsy Travellers coming to Aberdeen and settled travellers on site.

The existing 21-unit site is located to the north-west of the city.

In 2015 the Scottish Government issued a report to all Local Authorities on Minimum Site Standards. Proposals have been developed for its refurbishment (increasing the travelling caravan provision) which have recently been tendered, with the resulting costs being more than has been budgeted.

Prior to proceeding, Council Officers are in negotiation with Scottish Government seeking an additional funding contribution.

Ukraine (Scottish Government Capital Submission for Void Properties)

The city is currently supporting circa 1,000 displaced Ukrainians resulting from the current Russia / Ukraine conflict. Most individuals have been temporarily settled in Welcome Hub accommodation across a number of hotels, with a smaller number in Council properties let out through the Warm Scottish Welcome scheme and private host properties. This accommodation need is forecast to grow. There is a need to move the temporary hotel type of residency to a more permanent accommodation.

Following a letter from Neil Gray MSP inviting bids for Capital investment in void properties, Aberdeen City Council are bidding for circa £7.2m to bring 516 void properties back into use, for letting to Ukrainian individuals displaced by the ongoing conflict in Ukraine.

This Capital funding bid would deal with two categories of property requiring work to be undertaken to return them to Scottish Housing Quality Standard (SHQS) and Energy Efficient Scotland Housing standard (EESH):

- Council properties that are unable to be relet (UTBR)

UTBR properties are those that require Capital works to bring them back to SHQS. This will include work such as bathrooms, kitchens, full central heating installations, rewiring, asbestos removal and on some occasions dry rot treatment.

Some of these properties involve repair of major issues such as fire damage.

- Buy back properties

These are properties that the Council has repurchased which were originally sold through 'right to buy' legislation. These properties all have surveys undertaken prior to concluding the reacquisition so there is up to date information on the works needed.

Initial meetings have been held with Scottish Government Officers and Council Officers with information being shared. It is hoped that this process will be concluded in late August / early September which if favourable and following procurement requirements will enable works on voids to proceed.

If Scottish Government funding is confirmed then project will be added to the Housing Capital Programme.

3. FINANCIAL SUMMARY

- 3.1 The following tables capture the before and after implications recommended following the review of the capital programmes, there is no impact on the approved prudential indicators as the overall capital financing requirement has not changed:

TABLE 1: GENERAL FUND CAPITAL - SELECTED PROJECTS PRIOR TO REPROFITING

General Fund Capital Programme		Budget	Budget	Budget	Budget	Budget	5 Year
		2022/23	2023/24	2024/25	2025/26	2026/27	Total
NHCP No.	BEFORE RE-PROFITING	£'000	£'000	£'000	£'000	£'000	£'000
Fully Legally Committed Projects							
799B	Art Gallery Redevelopment - Main Contract (HLF)	0	0	0	0	0	0
809	New Milltimber Primary	1,461	241	0	0	0	1,702
821	New Aberdeen Exhibition & Conference Centre	2,108	3,000	0	0	0	5,108
824	Provost Skene House	0	0	0	0	0	0
824	Union Terrace Gardens	2,808	0	0	0	0	2,808
841	Torry Primary School and Hub	20,500	5,893	351	0	0	26,744
855	Early Learning & Childcare	0	0	0	0	0	0
865	Countesswells Primary	11,937	167	0	0	0	12,104
		38,814	9,301	351	0	0	48,466
Partially Legally Committed Projects							
791	Strategic Land Acquisition	4,092	0	0	0	0	4,092
806B	CATI - Berryden Corridor (Combined Stages 1, 2 & 3)	2,135	4,300	15,600	9,900	8,500	40,435
840	Tillydrone Primary School	17,487	8,334	460	0	0	26,281
874	B999 Shielhill Road Junction Improvements	133	490	0	0	0	623
883	City Centre and Beach Masterplans	32,931	25,000	40,000	40,000	20,000	157,931
		56,778	38,124	56,060	49,900	28,500	229,362
Projects with indicative budgets							
810J	Bridge of Don Household Waste Recycling Centre (HWRC)	1,048	1,350	0	0	0	2,398
884	Torry Development Trust - Former Victoria Road School	845	564	0	0	0	1,409
890	Dyce Library Relocation	740	15	0	0	0	755
894	Joint Integrated Mortuary	8,500	16,900	600	0	0	26,000
895	St Peters RC Primary Relocation	500	1,000	7,750	7,750	0	17,000
896	Bucksburn Academy Extension (temporary solution)	2,000	0	0	0	0	2,000
897	Early Learning & Childcare - St Josephs	500	2,300	200	0	0	3,000
902	Garthdee Link Road	300	300	2,900	1,500	0	5,000
999	Contingency	20,000	5,000	0	0	0	25,000
		34,433	27,429	11,450	9,250	0	82,562
	Totals	130,025	74,854	67,861	59,150	28,500	360,390

General Fund Capital Programme - Funding		Budget	Budget	Budget	Budget	Budget	5 Year
		2022/23	2023/24	2024/25	2025/26	2026/27	Total
NHCP No.		£'000	£'000	£'000	£'000	£'000	£'000
809	New Milltimber Primary	(1,781)	0	0	0	0	(1,781)
855	Early Learning & Childcare	0	0	0	0	0	0
865	Countesswells Primary	0	(1,342)	(2,500)	(1,442)	0	(5,284)
874	B999 Shielhill Road Junction	(133)	(150)	0	0	0	(283)
883	City Centre and Beach Masterplans	(2,318)	(16,932)	0	0	0	(19,250)
884	Torry Development Trust - Former Victoria Road School	(845)	(564)	0	0	0	(1,409)
890	Dyce Library Relocation	(740)	(15)	0	0	0	(755)
893	Joint Integrated Mortuary	(8,500)	(13,076)	0	0	0	(21,576)
902	Garthdee Link Road	0	0	0	0	(5,000)	(5,000)
	1. Programme Funding Streams Sub-Total	(14,317)	(32,078)	(2,500)	(1,442)	(5,000)	(55,337)
	3. Borrowing						0
	Sub-total	(14,317)	(32,078)	(2,500)	(1,442)	(5,000)	(55,337)
	Net Position	115,708	42,775	65,361	57,708	23,500	305,052

TABLE 2: GENERAL FUND CAPITAL – PROJECTS REPROFILED

General Fund Capital Programme		Budget	Budget	Budget	Budget	Budget	5 Year
NHCP No.	AFTER RE-PROFILING	2022/23	2023/24	2024/25	2025/26	2026/27	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Fully Legally Committed Projects							
799B	Art Gallery Redevelopment - Main Contract (HLF)	500	0	0	0	0	500
809	New Milltimber primary	2,151	241	0	0	0	2,392
821	New Aberdeen Exhibition & Conference Centre	4,108	3,000	0	0	0	7,108
824	Provost Skene House	500	0	0	0	0	500
824	Union Terrace Gardens	4,308	0	0	0	0	4,308
841	Torry Primary School and Hub	20,500	5,893	351	0	0	26,744
855	Early Learning & Childcare	1,300	0	0	0	0	1,300
865	Countesswells Primary	11,937	1,767	0	0	0	13,704
		45,304	10,901	351	0	0	56,556
Partially Legally Committed Projects							
791	Strategic Land Acquisition	5,000	0	0	0	0	5,000
806B	CATI - Berryden Corridor (Combined Stages 1, 2 & 3)	2,135	4,300	15,600	9,900	8,500	40,435
840	Tillydrone Primary School	5,487	19,000	11,700	0	0	36,187
874	B999 Shielhill Road Junction Improvements	133	610	0	0	0	743
883	City Centre and Beach Masterplans	32,931	25,000	40,000	40,000	20,000	157,931
		45,686	48,910	67,300	49,900	28,500	240,296
Projects with indicative budgets							
810J	Bridge of Don Household Waste Recycling Centre (HWRC)	1,048	1,830	0	0	0	2,878
884	Torry Development Trust - Former Victoria Road School	845	564	0	0	0	1,409
890	Dyce Library Relocation	740	143	0	0	0	883
894	Joint Integrated Mortuary	8,500	16,900	600	0	0	26,000
895	St Peters RC Primary Relocation	0	500	1,000	7,750	7,750	17,000
896	Bucksburn Academy Extension (temporary solution)	2,000	0	0	0	0	2,000
897	Early Learning & Childcare - St Josephs	0	0	0	0	0	0
902	Garthdee Link Road	0	0	0	0	0	0
999	Contingency	3,088	5,280	0	0	0	8,368
		16,221	25,217	1,600	7,750	7,750	58,538
Totals		107,211	85,028	69,251	57,650	36,250	355,390

General Fund Capital Programme - Funding		Budget	Budget	Budget	Budget	Budget	5 Year
NHCP No.		2022/23	2023/24	2024/25	2025/26	2026/27	Total
		£'000	£'000	£'000	£'000	£'000	£'000
809	New Milltimber primary	(1,781)	0	0	0	0	(1,781)
855	Early Learning & Childcare	0	0	0	0	0	0
865	Countesswells Primary	0	(1,342)	(2,500)	(1,442)	0	(5,284)
874	B999 Shielhill Road Junction	(133)	(150)	0	0	0	(283)
883	City Centre and Beach Masterplans	(2,318)	(16,932)	0	0	0	(19,250)
884	Torry Development Trust - Former Victoria Road School	(845)	(564)	0	0	0	(1,409)
890	Dyce Library Relocation	(740)	(15)	0	0	0	(755)
893	Joint Integrated Mortuary	(8,500)	(13,076)	0	0	0	(21,576)
902	Garthdee Link Road	0	0	0	0	0	0
	1. Programme Funding Streams Sub-Total	(12,536)	(32,078)	(2,500)	(1,442)	0	(50,337)
	3. Borrowing						0
	Sub-total	(12,536)	(32,078)	(2,500)	(1,442)	0	(50,337)
	Net Position	94,675	52,950	66,751	56,208	36,250	305,053

4. LEGAL AND RISK IMPLICATIONS

- 4.1 There may be legal implications arising from the exercise undertaken however officers have sought to mitigate these where possible. Capital projects are already subject a wide range of legal and contractual arrangements, should legal implications arise from any of the projects, officers within the Capital and Finance Clusters will work closely with the Commercial and Procurement Services legal team to consider the best way forward.
- 4.2 The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	Failure to deliver the aspirations of the Partnership Statement	The review encompasses consideration of the need to deliver the aspirations as outlined in the Partnership Statement. Where appropriate market engagement will be carried out prior to procurement. Value engineering is being considered where appropriate.	M	Yes
Compliance	Failure to be able to comply with project requirements	Increase site visits and monitoring of the construction works. If required, review alternative options as soon as possible.	L	Yes
Operational	Balancing the pressures of finite resources both internal and external to the Council	Regular engagement between relevant Clusters within the Council along with Ongoing engagement with Framework hosts, Suppliers, Procurement & Services re alternative	M	Yes

		products or delivery methods.		
Financial	Escalation of costs	Development of suitable price mechanisms. Use of Business Intelligence to predict market changes/trends. Price Increase Request Process.	M	Yes
	Differing market conditions depending on commodity/service	Market engagement/use of business intelligence to assist in predicting market changes and trends.	M	
Reputational	Programmes/projects being delayed or stopped	As above.	M	Yes
Environment / Climate	Failure to consider sustainable options due to costs.	Ensure all contracts consider environmental considerations, and early market engagement is conducted to seek market intelligence.	M	Yes