

ABERDEEN CITY COUNCIL

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| COMMITTEE | City Growth & Resources |
| DATE | 21 September 2022 |
| EXEMPT | No Appendices B, C, D and H have a private version which are exempt under paragraph 8. 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.' |
| CONFIDENTIAL | No |
| REPORT TITLE | Condition & Suitability 3 Year Programme |
| REPORT NUMBER | RES/22/207 |
| DIRECTOR | Steve Whyte |
| CHIEF OFFICER | Stephen Booth |
| REPORT AUTHOR | Alastair Reid |
| TERMS OF REFERENCE | 4.1 |

1. PURPOSE OF REPORT

- 1.1 This report seeks approval of an updated 3-year Condition and Suitability (C&S) Programme.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Notes the projects completed or legally committed to date in 2022/23 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 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 4.1.1.2; 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 Outline Business Case for the Tolbooth Improvement Works project shown in Appendix H.

3. CURRENT SITUATION

- 3.1 This report brings together, for Members' approval, the proposed 3-year Condition & Suitability (C&S) Programme (2022/23 – 2024/25) 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 profiled budget allocation for the 3 years is £26.424m. This programme was prepared utilising the detailed property information gathered as part of ongoing workstreams and after discussions with all relevant Chief Officers.

Proposed 3 Year Programme

- 3.3 Projects with a value of £5.281m have already been completed to date or are legally committed in 2022/23. The completed and legally committed are detailed in **Appendix A**.
- 3.4 A further £15.324m 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 are required. This is offset by some project budgets being reduced where budget provision is greater than required. An additional £1.244m needs to be funded as shown in Appendix B.
- 3.6 The above allocations leaves £4.075m 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.
- 3.7 £0.5m 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. The reserve fund will also be required to address the impact of construction inflation and

building material shortages on projects. Over the last 12 months the reserve fund and underspends were used for the following projects:-

- Kingswood Court – New project to replace boiler.
- Old Dyce Library – Contribution to conversion into a Sports Pavilion.
- Rosemount Learning Centre - Revised budget to accommodate full scope of Changing Place installation.
- Culter Sports Centre - Revised budget to accommodate full scope of roof structure repairs.
- Kincorth an Sheddocksley Sports Centres - Revised budget to accommodate full scope of flooring and lighting replacements.
- Abbotswell Primary School – New project to carry out toilet refurbishments.
- Brimmond Primary School – New project to improve drainage and upgrade of play area surfaces.
- Cemetery walls rebuild budget – New budget to allow essential work to be carried out to priority boundary walls.
- Aberdeen Grammar School - Revised budget to accommodate full scope of kitchen and swimming pool refurbishment.
- Harlaw Academy – New project to replace local exhaust ventilation system.
- Northfield Swimming Pool – New project to replace existing pool hall roof. Not part of capital project scope.
- Maritime Museum - Revised budget to accommodate full scope of lift replacement.
- Spring Garden - Revised budget to accommodate full scope of lift replacement.

3.8 In addition to the in year approval of budgets for the projects listed in 3.7, projects were removed in line with the 2021 Committee approved recommendations. These projects were:-

- Danestone Primary School – Secure door at reception. Work carried out to date provides sufficient security.
- Beach Leisure Centre – Air handling unit replacement (Flume Tower). Work will not proceed whilst Beach Masterplan considerations are ongoing.
- Cults Primary School – Toilet refurbishments. Deferred but now included with Appendix C.
- St Machar Academy - Toilet refurbishments. Deferred but now included with Appendix C.
- Dyce Academy – Electronic locking to all external doors. A review of existing security arrangements has been completed and it has identified that this is not necessary.
- Old Aberdeen House – Window replacements and climate control. Budget reduced.

3.9 The proposed allocation of the £26.424m is shown below:-

| Budget Requirement | Allocation |
|-----------------------------------------|-------------------|
| Projects Completed or Legally Committed | £5,281,207 |

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|-----------------------------------------|-------------|
| Currently Approved Projects | £15,324,170 |
| Additional Budget for Existing Projects | £1,244,016 |
| New Projects | £4,074,607 |
| Reserve Fund | £500,000 |
| Total | £26,424,000 |

3.10 In addition to the major works contained in the overall programme, a combined sum of £423k has been identified for minor works. These works are primarily related to Health and Safety, Asbestos removal and Equality 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 £422k is:-

| | 2022/23 | 2023/2024 | 2024/25 |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Asbestos Removal | £60k | £40k | £40k |
| Completed/programmed:- | <ul style="list-style-type: none"> Broomhill School - Removal of asbestos debris in duct Aberdeen Grammar School - Removal of asbestos in ducts Rosemount Community Centre - Removal of asbestos debris in basement Skene Square School - Removal of asbestos in duct Forehill School – Repair of asbestos containing ceiling coating | Projected budget allocation. Current programme of works within Harlaw Academy, Westpark School and Sunnybank Primary | Projected budget allocation. |
| General H&S Works | £49k | £35k | £30k |
| Completed/programmed:- | <ul style="list-style-type: none"> Airyhall Library - Install traffic calming measures Nellfield Cemetery - To purchase and install shoring props to area of wall showing signs of collapse Bridge of Don Academy - Reline car parking bays and pedestrian walkways | Projected budget allocation <ul style="list-style-type: none"> Various Buildings – Commence in survey and upgrade for analog to digital transformation for intruder / fire alarm monitoring required by 2025 Ashley Rd School - Reconfiguration of Reception to improve security at front entrance. Improvements to external lighting | Projected budget allocation <ul style="list-style-type: none"> Various Buildings – Commence in survey and upgrade for analog to digital transformation for intruder / fire alarm monitoring required by 2025 Harlaw Academy - Create sealed vent pipe system with the installation of expansion tanks and a pressurisation unit |
| Fire Risk Audit works | £60k | £30k | £30k |
| Completed/programmed:- | <ul style="list-style-type: none"> Minor additions to various fire alarm systems, fire doors and associated building | Projected budget allocation <ul style="list-style-type: none"> Minor additions to various fire alarm systems, fire doors | Projected budget allocation |

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| | fabric as individual FRA reports are received <ul style="list-style-type: none"> • Kirhill Primary School – creation of an additional fire escape within games hall area • Various educational Buildings – Upgrade of fire door furniture noted during recent survey inspection | and associated building fabric as individual FRA reports are received | |
| Legionella Works | £18k | £15k | £15k |
| | Completed/programmed:- <ul style="list-style-type: none"> • Improved access to domestic storage water tanks at various assets. | 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.

3.13 There are a number of approved projects within the programme for both the Beach Leisure Centre and the Beach Ballroom. As the Beach Masterplan progresses and key decisions are made around the assets, these projects will require to be reviewed. Where possible these budgets will be adjusted or removed altogether. It is possible that some of the work would have to proceed if the assets are to continue to operate in the short to medium term.

Procurement Procedures

3.14 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.

3.15 4.1.1.1. Contract Value below £50,000 (supplies/services), £250,000 (works) or £4.5m (concessions) Subject to budget approval, the relevant Chief Officer may give authority to conduct any procurement where the estimated Contract Value is below £50,000 (supplies/services) or £250,000 (works), and following consultation with the Convener of the Strategic Commissioning Committee or the Convener of the City Growth and Resources Committee, the Head of Commercial and Procurement may give authority to conduct any procurement where the estimated Contract Value of a Concession Contract is below £4.5m. Such procurements shall be undertaken by a Delegated Procurer in line with Section 4.3 of these Procurement Regulations.

- 3.16 4.1.1.2. Contract Value above £50,000 (supplies/services) £250,000 (works), or £4.5m (concessions) Contracts with an estimated Contract Value of above these thresholds 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) to be submitted by the relevant Chief Officer to the Strategic Commissioning Committee or the City Growth and Resources Committee as appropriate or where the contract relates to a capital project that is already part of the Capital Programme, to the Director of Resources.
- 3.17 The majority of the projects are below the £250k (works) limit and will be procured under regulation 4.1.1.1. 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 4.1.1.2. Therefore a procurement business case would be submitted for approval as part of an appropriate update of the Resources workplan.

Monitoring and Reporting of Programme

- 3.18 Monitoring of the programme will be carried out in line with the capital monitoring procedures. This includes regular progress reports to the Capital Board chaired by the Chief Officer Capital. In addition, progress will be reported to the Finance & Resources Committee.
- 3.19 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 will be reported in line with recommendation 2.5.
- 3.20 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

- 3.21 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.”**
- 3.22 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 F**.

- 3.23 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 G** of this report provides the SPI definitions and graphical representation of the trends across 5 years.

Tolbooth Museum

- 3.24 A projected titled 'Major roof and parapet works' with funding of £500k was included in a previous C&S programme update. That was an indicative budget and it has always been known that there was a strong likelihood that would not be sufficient to carry out the work. Since then work has been ongoing to establish a more robust cost estimate that takes into account the full extent of external work. Structural works to an internal arch are also being brought into scope. A revised figure is now available, which has created the requirement to produce an Outline Business Case (OBC) as shown in **Appendix H**. Subject to approval of the OBC, steps will be taken to finalise costs. A Full Business Case will then be completed with a view to taking this to the December meeting of this Committee.

4. FINANCIAL IMPLICATIONS

- 4.1 Expenditure will be in accordance with the Council's approved General Fund Capital budget. The budget identified in years 1-5 in the Capital programme for the Condition & Suitability (C&S) programme is £45,424m. With £26,424 currently allocated to years 1-3.
- 4.2 There are further allocations of £9.5m in 2025/26 and £9.5m in 2026/27. Giving a combined indicative 5-year budget of £45.424m. Projects shown in Appendix E will form the basis for years 2025/26 and 2026/27.
- 4.3 To manage unexpected costs or additional works that may be required a reserve fund budget of £0.5m 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.

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.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 Around half of the proposed C&S programme is made up of projects that will contribute positively to improving the environmental performance and climate resilience of the Council's assets. These are indicated in Appendices B & C. The majority of these projects are window/door replacements, heating replacements, lighting replacements and roof replacements. Projects that have been completed since the last Committee are listed in **Appendix I**, along with the benefits that have been achieved. The measurement of these benefits is a developing area. This will be reviewed and updated on an ongoing basis.
- 6.2 The priority scoring matrix for assessing projects includes scoring of project on Emissions Reduction and Climate Resilience/Adaptation.

7. RISK

| 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 | n/a | | | |
| Compliance | Many projects are required to make assets safe. If projects are not completed issues could occur. | Appropriate prioritisation of projects. Committee approval to add projects as per recommendation 2.5. | L | Yes |
| Operational | Assets are required to support service delivery. If projects are not completed the delivery of services could be affected. | Appropriate prioritisation of projects. Committee approval to add projects as per recommendation 2.5. | L | Yes |
| Financial | Total cost of projects is greater than available budget. | Appropriate budget monitoring. Contingency of £700k made available. | L | Yes |

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| Reputational | The increased budget requirements for projects shown in Appendix B could be perceived negatively by the public and/or press. | The reasons for the budget changes are explained within the appendix. | L | Yes |
| Environment / Climate | Investment in assets may not positively impact on the environment. | Careful specification of equipment, materials and components. | L | Yes |

8. OUTCOMES

| <u>COUNCIL DELIVERY PLAN 2022-2023</u> | |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Impact of Report |
| Aberdeen City Council Policy Statement | The proposals in this report have no impact on the Council Delivery Plan. |
| <u>Aberdeen City Local Outcome Improvement Plan</u> | |
| Prosperous Economy Stretch Outcomes | The reopening of the Tolbooth Museum would contribute to Prosperous Economy: increase city centre footfall. A reopened popular visitor venue enhances the heritage portfolio of the city, making the Broad Street end of the city centre a key location for visitor flow establishing a tourism package; advancing post-covid city centre economic recovery and the emerging cruise market offer, as well as increasing city dwell. |
| Prosperous People Stretch Outcomes | The proposals in this report have no impact on the Prosperous People Stretch Outcomes. |
| Prosperous Place Stretch Outcomes | The proposals in this report have no impact on the Prosperous People Stretch Outcomes Prosperous Place Stretch Outcomes. |
| Regional and City Strategies | The proposals within this report supports the draft Council Property and Estates Strategy strategic outcomes in particular 'Assets will be fit for purpose, |

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| | in appropriate condition and with appropriate utilisation' and 'Assets will be environmentally and economically sustainable'. |
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9. IMPACT ASSESSMENTS

| Assessment | Outcome |
|------------------------------------------|--------------|
| Integrated Impact Assessment | Not required |
| Data Protection Impact Assessment | Not required |
| Other | None |

10. BACKGROUND PAPERS

- 10.1 Condition & Suitability 3-year programme [report](#) to City Growth & Resources Committee 10 November 2021 (item 21).

11. APPENDICES

- 11.1 Appendix A – Complete or Committed Projects
- 11.2 Appendix B – Currently Approved Projects
- 11.3 Appendix C – Proposed New Projects
- 11.4 Appendix D - Projects to be Removed
- 11.4 Appendix E – Future Projects
- 11.5 Appendix F – Property Asset Management Definitions
- 11.6 Appendix G – SPI Tables
- 11.7 Appendix H – Tolbooth Museum Outline Business Case
- 11.8 Appendix I – Emissions Reduction and Climate Resilience Benefits

12. REPORT AUTHOR CONTACT DETAILS

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