

ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources
DATE	12 September 2024
EXEMPT	Appendices B, C and D 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	F&C/24/263
DIRECTOR	Eleanor Sheppard
CHIEF OFFICER	Stephen Booth
REPORT AUTHOR	Andrew Jones
TERMS OF REFERENCE	1.1.5, 1.1.8, 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 2024/25 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 projects listed in Appendix C for inclusion in the Condition & Suitability Programme, approves the estimated budget for each project, and delegates authority to the Chief Officer - Capital, following consultation with the Chief Officer - 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; and

- 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.

3. CURRENT SITUATION

- 3.1 This report brings together, for Members' approval, the proposed 3-year Condition & Suitability (C&S) Programme (2024/25 – 2026/27) 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, which was approved at the Council Budget meeting in March 2024, is £26.292m. The programme was prepared utilising detailed property information gathered as part of ongoing workstreams, and after discussions with relevant Council services.

Proposed 3 Year Programme

- 3.3 Projects with a value of £2.761m have already been completed to date or are legally committed in 2024/25. The completed and legally committed projects are detailed in **Appendix A**.
- 3.4 A further £16.661m 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. An additional £1.855m needs to be allocated as shown in Appendix B, which can be accommodated within the overall C&S funding.
- 3.6 The above allocations leave £4.315m available for new projects to allow the condition and suitability work to progress. 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 £0.7m 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 was used for the following projects:-

- Winter Gardens – Boiler Plant Replacement (new project)
- Kingswells School – Boiler Plant Replacement (new project)
- Northfield Swimming Pool – Extension (additional budget)
- Bucksburn Depot – Toilet Refurbishment (additional budget)
- Old Aberdeen House – Gas Fired Water Heater Repairs (new project)
- Dyce Academy – Main Entrance Improvements (additional budget)

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 2023 Committee approved recommendations. These projects were:-

- Loirston School – Electrical switchboard panel
- Central Library – Replacement floors
- Ferryhill School – Replacement windows
- St Machar Academy – Toilet refurbishment
- Old Aberdeen House – Replacement windows & climate control

3.9 The proposed allocation of the £26.292m is shown below:-

Budget Requirement	Allocation
Projects Completed or Legally Committed	£2.761m
Currently Approved Projects	£16.661m
Additional Budget for Existing Projects	£1.855m
New Projects	£4.315m
Reserve Fund	£0.7m
Total	£26.292m

3.10 Included within the budget requirements for the overall programme, a combined sum of £481k has been identified for minor works. These works are primarily related to health and safety, asbestos removal and Equality Act projects. This allocation requires to be flexible as works often have to be carried out at short notice to address accessibility or health and safety issues, or to remove asbestos after it has been identified.

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 Potential projects for future programmes, which require further investigation to establish a clear scope of works and reliable estimated costs, have been identified and are shown in **Appendix E**. Work on scoping and costing these projects will be carried out over the course of this year, with a view to them being considered for inclusion in next year's programme. The scoping work will be funded from the Development Budget which has been included within the programme, and will help ensure that the budget estimates for these more complex projects have a greater degree of accuracy in the future. This should reduce the frequency of tender costs exceeding budget allocations, and the requirement for mid-year change requests to re-allocate funds and increase individual project budgets.

- 3.13 It should be noted that Appendix E is not a definitive list of potential condition and suitability projects. The projects on this list could also be brought forward in some instances, should it not be possible to implement any of the projects on the primary list, or should a statutory requirement arise.
- 3.14 Ongoing workstreams associated with the Transformation Programme, the City Centre / Beach Masterplans and the School Estate Plan will lead to changes to the asset portfolio. This may mean that further projects will be removed from the C&S programme. This could also create additional investment requirements for potential inclusion in the programme.

Procurement Procedures

- 3.15 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, as described below:
- 3.16 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 Co-Leaders of the Council or Convener of the Finance 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.*
- 3.17 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 Council or the Finance 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.*
- 3.18 The majority of the projects are below the £250k (works) limit and will be procured under regulation 4.1.1.1. Around 24 projects are estimated to be greater than £250k and would therefore require a procurement business case. If recommendation 2.3 in this report 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

- 3.19 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.
- 3.20 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.
- 3.21 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, and updates to the workplan submitted as required throughout the year.

Property Asset Management Policy and Statutory Performance Indicators

- 3.22 The approved Property and Estates Strategy has the following strategic aim 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, sustainable and delivered within budget constraints”.

- 3.23 In terms of Condition and Suitability this means that the aim is to have all assets rated A or B for Condition and A or B for Suitability. In addition, publicly accessible buildings are targeted for A or B ratings for accessibility. The definitions of the gradings are contained in **Appendix F**.
- 3.24 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 the last 5 years.

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 £42,292,000, with £26,292,000 currently allocated to years 1-3.
- 4.2 To manage unexpected costs or additional works that may be required a reserve fund budget of £0.7m is included within the programme. This budget will be used to accommodate increased budgetary requirements or urgent projects not previously identified.

4.3 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 Approximately 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.

6.2 The priority scoring matrix for assessing projects includes scoring of projects 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	No significant risks identified			
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	Appropriate prioritisation of projects. Committee approval to add projects as per recommendation 2.5.	L	Yes

	projects are not completed the delivery of services could be affected.			
Financial	Total cost of projects is greater than available budget.	Appropriate budget monitoring. Contingency of £700k made available.	L	Yes
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

COUNCIL DELIVERY PLAN 2023-2024	
Impact of Report	
Aberdeen City Council Policy Statement	The proposals in this report have no impact on the Council Delivery Plan.
Aberdeen City Local Outcome Improvement Plan 2016-26	
Prosperous Economy Stretch Outcomes	The proposals in this report have no impact on the Prosperous Economy Stretch Outcomes.
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 approved Property and Estates Strategy strategic outcomes in particular 'Assets will be fit for purpose, in appropriate condition and with appropriate utilisation' and 'Assets will be environmentally sustainable'.
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9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	No assessment required. I confirm this has been discussed and agreed with Stephen Booth, Chief Officer – Corporate Landlord on 27/08/24.
Data Protection Impact Assessment	Not required
Other	None

10. BACKGROUND PAPERS

10.1 Finance & Resources Committee, 13 September 2023: *Condition & Suitability 3 Year Programme* – RES/23/276

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 for Scoping

11.5 Appendix F – Grading Definitions

11.6 Appendix G – SPI Tables

12. REPORT AUTHOR CONTACT DETAILS

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