

ABERDEEN CITY COUNCIL

COMMITTEE	Finance & Resources
DATE	21 February 2013
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Condition & Suitability Programme 2013-14
REPORT NUMBER:	EPI/13/002

1. PURPOSE OF REPORT

This report advises on the provisional Condition and Suitability Programme that is included in the approved Non-Housing Capital Budget allocation for 2013/14.

2. RECOMMENDATIONS

It is recommended that the Committee;

1. Approves the Condition & Suitability Programme 2013-14 projects listed in Appendix A.
2. Instructs appropriate officials to implement the detailed programme.
3. Delegates authority to the Head of Asset Management & Operations, in consultation with the Corporate Asset Group and the Convenor and Vice Convenor of this Committee, the power to amend the Programme should priorities change due to unforeseen circumstances during the year.
4. (i) Authorises the Director of Enterprise, Planning and Infrastructure, the Head of Asset Management & Operations and the General Manager – Asset Management, in connection with the Programme, to undertake or instruct tendering procedures or competitive quotes procedures as appropriate and the awarding of contracts following thereon, subject to the necessary funding being available in the approved Non-Housing Capital Budget and

(ii) exempts all such procedures and contracts from Standing Order 1(3) of the Council's Standing Orders relating to Contracts and Procurement"

5. Notes the amendments to the 2012/13 Programme and the progress with the approved projects.

3. FINANCIAL IMPLICATIONS

Expenditure will be in accordance with the Council's approved Non-Housing Capital Budget. The current annual figure identified in the draft five year Capital Programme being considered by the City Council at its meeting on 14 February, for the Condition & Suitability programme is £7.4m per year. The flexibility of the five year programme allows for approved projects to cross over into subsequent years. This may result in spend above or below £7.4m in 2013/14. However, overall spend will not exceed the total five year budget.

4. OTHER IMPLICATIONS

Certain works contained within the programme relate to Health & Safety, Fire Risk and DDA matters and are necessary enable compliance with statutory requirements. Although the works identified in this programme are based on the current information available, these elements require to remain flexible as inspections by Health & Safety and by the Chief Fire Officer may require additional works to be carried out at short notice.

Some of the proposed works will require the obtaining of a Building Warrant or Planning Approval prior to commencing.

It should be noted that the proposed funding level for the C&S programme is not sufficient to address the backlog maintenance or all the suitability issues detailed in the Council's Property Asset Management Plan. It primarily focuses on wind & watertight works, Health & Safety works and mechanical/electrical issues. Even with this focus it will not be able to address all the higher category works identified within the condition surveys and it will be very difficult to improve suitability. In addition lower category works such as replacement of doors, replacement of fixtures/fittings or flooring are generally not considered for inclusion within the C&S programme. These may be more sensibly funded from devolved budgets within individual services e.g. Developed Education Management Budgets.

There are significant risks attached to not tackling the backlog, which could have implications such as property closures, adverse publicity and loss of value. To minimise this risk, projects are carefully selected taking in account various factors including condition, Health & Safety issues and types of users.

5. BACKGROUND / MAIN ISSUES

This report brings together, for Members' approval, the proposed 2013/14 programme for the condition and suitability works on the

Council's non-housing property stock. This programme was prepared utilising the detailed property information gathered as part of the development of the Property Asset Management Plan (as detailed below), and after discussions with all the relevant Services. It was approved by the Corporate Asset Group at its meeting on 21 January 2013.

The progress and amendments to the 2012/13 programme are also brought to this Committee for information.

Proposed 2013/14 Programme

An annual Capital budget of £7,400,000, subject to approval at the budget meeting of 14 February 2013 has been allocated to allow the continued condition and suitability work to be progressed. Significant elements of the programme are specifically aimed at increasing the expected useful life of the buildings. The proposed programme is contained in **Appendix A**. A confidential version of Appendix A is included within today's confidential reports, which details the approximate cost for each project.

The provisional programme for 2013/2014 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 B**. It should be noted that Appendix B it is not a definitive list of the capital spend required.

In addition to the major works contained in the overall programme, a sum of £250,000 has been identified for minor works. 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.

Standing Orders relating to Contracts and Procurement

When inviting tenders or awarding contracts Standing Order 1(3) as shown below should be followed.

"1(3) No tender shall be invited or contract entered into unless the total estimated expenditure has been previously approved by the Council. This requires specific Committee approval or the use of appropriate delegated powers. The allocation of a budget as part of the Council's budget setting process is insufficient."

However it should also be noted that standing order 1(6)(a) as shown below allows for an exemption when justified by special circumstances.

*"1(6) Subject to compliance with the provisions of the 2006 Regulations [now the 2012 Regulations] or any other rule of law: -
(a) any contract may be exempted by the Council from any or all of the provisions of Part A of these Standing Orders, provided the Council is satisfied that the exemption is justified by special circumstances and a record shall be kept of these circumstances."*

It is recommended that the Committee grant such an exemption from Standing Order 1(3) for the contracts within the C&S programme for two primary reasons. Firstly the programme will comprise of over fifty individual projects, which under standing order 1(3) would require Council approval of each contract. This would be very time consuming and create a potentially unnecessary burden on Officers and this Committee.

Secondly projects could potentially be delayed if contracts could not be awarded until after Committee approval is granted. This could make the overall programme unachievable within the timescales.

Property Asset Management Plan

As part of the 2012 Property Asset Management Plan (PAMP) the following vision for property assets was stated:-

“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.”

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. The definitions of the gradings are contained in **Appendix C**. The Condition and Suitability programme clearly has an important role in supporting this vision and has been compiled accordingly.

Targets for improving the percentage of assets in satisfactory condition and reducing the backlog maintenance are also identified in the 2012 PAMP. This programme along with the rationalisation of our portfolio and the main capital programme will provide the main tools for meeting these targets.

Phased Works

The scale of works required for some assets, combined with budgetary restraints, makes it necessary for some works to be phased over a number of years. The 2012/13 programme saw the commencement of the following phased projects:-

- Beach Ballroom – Various work

- Central Library – Roof works
- St Machar Academy – Various work
- Town House – Roof works
- Woodside Primary School – Structural works

The 2013/14 programme seeks to commence the following phased projects:-

- Artificial pitch replacements
- Duthie Park Winter Gardens – Replacement of Greenhouses
- School Kitchen Refurbishments

Approved Programme 2012/13

The 2012/13 programme totalling £7.4m of work was approved by the Finance & Resources Committee on 15 March 2012. Work has progressed on the programme and some changes were made to the programme in line with the approved recommendations. It should be noted that some of the projects will not be completed during 2012/13, with the subsequent spend carrying over. This will not impact on the 2013/14 programme as capital funding is now spread across five years. **Appendix D** shows the status of the projects and the changes made.

6. IMPACT

Corporate - The continued implementation of Asset Management will ensure that the Council is utilising its assets to support Services in implementing the Single Outcome Agreement. In addition the plan contributes to achieving the vision set out in 'Aberdeen: The Smarter City'. Property assets have a particularly important role to play in Smarter Living, Smarter People and Smarter Environment.

Public - The continuing improvement to the Council's properties through good asset management practices will help ensure that services are being delivered from buildings that are "fit for purpose". This report may also be of interest to the public as it outlines the Council's capital spending on assets.

7. BACKGROUND PAPERS

Property Asset Management Plan 2012 (Non-Housing)

8. REPORT AUTHOR DETAILS

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