

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	31 st October 2013
DIRECTOR	Chief Executive
TITLE OF REPORT	Strategic Infrastructure Plan
REPORT NUMBER	CE/13/033

1. PURPOSE OF REPORT

The purpose of the report is to present the Council's Strategic Infrastructure Plan (SIP) and the actions required to deliver the Plan.

2. RECOMMENDATION(S)

2.1 It is recommended that the Council:

- 1) Approve the Council's Strategic Infrastructure Plan (attached at appendix 1 to this report);
- 2) To deliver Key Goal 1: A step change to the supply of housing:
 - a) Instruct officers to take forward a procurement process in accordance with the Council's Standing Orders in Relation to Contracts and Procurement, in order to appoint a Joint Venture partner(s) to deliver the affordable housing element identified in the SIP and report back to Council with the outcomes of the procurement process, and recommending a preferred bidder(s) prior to entering into a contract(s);
 - b) Notwithstanding recommendation a) above, agrees to invoke Standing Order 1(6)(a) of the Council's Standing Orders in Relation to Contracts and Procurement and in doing so agrees to disapply the provisions of Standing Order 1(3);
 - c) Approve the establishment of a Housing Programme Manager for a fixed term period of 3 years, which will be met from within existing budgets;
- 3) To deliver Key Goal 2: High quality digital connectivity at home and at work:

- a) Approve the establishment of a Head of Broadband Delivery and Broadband Delivery Project Manager on a fixed term basis to deliver the Accelerate Aberdeen programme, which will be met from within existing budgets;
- 4) To deliver Key Goal 3: Better local transport:
- a) Instruct officers to open discussions with the Scottish Government to investigate proposals for cross-city transport connections, as outlined in the SIP, to establish funding mechanisms for investigation and delivery of proposals;
 - b) Instruct officers to report to the Council's budget meeting in February 2014 in respect of proposals to advance the delivery of all phases of the Berryden Corridor as part of the Non Housing Capital Plan and Budget process;
- 5) To deliver Key Goal 4: The skills and labour that Aberdeen needs to thrive:
- a) Promote the delivery of the Oil and Gas Academy for Scotland as outlined in the SIP.
- 6) To deliver Key Goal 5: A better image for Aberdeen:
- a) Approve the establishment of a City Centre Infrastructure Fund and to invest £20 million into the fund financed through the Non Housing Capital Programme;
 - b) To instruct officers to include this fund as part of the Non Housing Capital Plan at the Council's budget meeting in February 2014;
 - c) Approve the creation of a City Centre Regeneration Board as a working group of full Council, comprising of Elected Members and representatives from appropriate external organisations;
 - d) Instruct the Board to report back to Council at its meeting on 25th June 2014 with recommended project(s) to regenerate the city centre, and to provide updates on progress to Council each cycle;
 - e) Approve the establishment of a Programme Manager and two Project Manager posts to deliver the city centre regeneration, which will be met from within existing budgets;
 - f) Note the committee report and decision on the Aberdeen Exhibition and Conference Centre, which is a separate report

to this meeting.

- 7) Instruct officers to continue to work on the new ways of funding element of the SIP proposal in association with the Scottish Cities Alliance.

3. FINANCIAL IMPLICATIONS

- 3.1 A key objective of the SIP is to identify priority projects along with funding sources and potential funding models to pay for their delivery. The SIP identifies a proposed funding package for the delivery of each of the priority projects.

While funding sources have been identified to deliver the SIP it is imperative that the Council maximises the potential to unlock and explore alternative delivery models that will further unlock the potential for further longer term investment within the City.

The majority of the funding for the SIP is included within the Council's Non Housing Capital Programme and full details are included within the SIP.

- 3.2 In relation to the delivery of housing supply and in particular the affordable housing element traditional funding sources can be utilised through the Housing Revenue Account through rent capitalisation to fund this. However, officers will also examine other sources and specifically explore the use of a Joint Venture partner model.

Clearly the use of traditional funding mechanisms can deliver the level of affordable housing contained within the SIP. However, alternative models will be explored to determine if additional resources can be levered in through a number of options.

It is therefore critical that, for example, shared equity cross subsidy, Housing association grant funding and private sector funding should all be explored as there is the potential to deliver this key outcome at a reduced cost to the Council.

To facilitate the delivery of the step change in housing supply it is proposed to create a new Housing Delivery Programme Manager. The post would be on a Chief Official Grade for a fixed term 3 year period. The salary for the 3 year fixed term period will be met from within existing budgets.

- 3.3 To deliver the Accelerate Aberdeen programme it is proposed to establish the posts of Head of Broadband Delivery and Broadband Delivery Project Manager. The post of Head of Broadband Delivery will be at Chief Official grade and the post of Broadband Delivery Project Manager is proposed to be at G15. The cost of these posts are

currently factored into the overall funding package for this project and within existing revenue budgets

- 3.4 In relation to the AECC this project will have been dealt with as a separate report at this meeting and will therefore be dealt with under that particular item.
- 3.5 In relation to the setting up of a City Centre Infrastructure Plan the Council plans to invest an initial £20 million to allow city centre regeneration to commence at an accelerated pace through joint partnership working.

The fund will be financed through a contribution from the Non Housing Capital Programme. A review of the programme has been undertaken by officers with a view to examining the current projects and profile spends over the next 5 Year Business Plan.

It is a fundamental financial strategy of the Council to maintain its policy to reduce debt over the 5 Year Business Plan. This can be achieved through this period and still allow the Council to contribute £20 million into the City Centre Infrastructure Fund.

- 3.6 To facilitate the delivery of city centre regeneration it is proposed to create a new post of Programme Manager and two Project Manager posts. The post of Programme Manager would be on a Chief Official grade and the Project Managers would be at G15. The salary for the posts will be met from within existing budgets.

4. OTHER IMPLICATIONS

- 4.1 The projects within the SIP are subject to appropriate legal and planning processes. A Strategic Environmental Assessment (SEA) will be required on a project by project basis and the current approved short term projects identified have had an SEA carried out as well as an Equalities and Human Rights Impact Assessment.
- 4.2 Further resource to deliver the plan has been identified as part of this report.

5. BACKGROUND/MAIN ISSUES

- 5.1 The opportunity to build on the positive economic position of the City through the delivery of the aspirations contained in our widely supported set of strategies and plans has never been greater.

At its meeting on 6th March 2013 the Council recognised this and agreed to the preparation of a city wide Strategic Infrastructure Plan

(SIP).

In identifying this need there were two critical factors to be addressed:

- The first is to identify and prioritise those infrastructure projects which will support the delivery of these plans;
- The second is the need to fund these major infrastructure projects.

5.2 The Strategic Infrastructure Plan addresses these factors and focuses on the delivery of the enabling infrastructure needed to realise these aspirations by creating a unified and cohesive proposal for delivering this critical infrastructure which in turn will lead to the delivery of economic growth and sustainability.

The SIP identifies the following key goals:

1. A step change in the supply of housing
2. High quality digital connectivity at home and at work
3. Better local transport
4. The skills and labour that Aberdeen needs to thrive
5. A better image for Aberdeen

Details on the approach taken to develop the SIP along with key strategic projects identified to deliver the goals and the funding framework are identified within the SIP.

5.3 **A step change in the supply of housing**

5.3.1 The Housing Demand Needs Assessment indicated a need for 415 affordable houses to be built per annum over a ten year period. This is a very challenging number that is currently failing to be met. Therefore a step change in the completion of housing is required to help meet the affordable housing need and the target set out in the SIP.

To meet these commitments the Council will need to procure suitable delivery partnership arrangements. A number of funding and delivery mechanisms have been explored and considered, each with opportunities and risks. To take the delivery of the affordable housing forward there is a need to commence a procurement process to appoint a Joint Venture partner(s).

Members will note that the procurement will be undertaken in accordance with the Council's Standing Orders Relating to Contracts and Procurement ("the Standing Orders"). Standing Order 1(3) requires that the estimated expenditure of a contract is approved by Council prior to a procurement commencing. However, as stated above, there are a number of possible funding and delivery mechanisms available in terms of the joint venture and overall affordable housing delivery and each has opportunities and risks. It is

important that the Council is sufficiently flexible in its procurement specification so as not to preclude procurement of a truly innovative solution, or one which ultimately represents the best commercial arrangement for the Council in terms of delivery of the overall affordable housing element contained within the SIP. As such, it is impossible to estimate the likely expenditure at this time – indeed it may be that the arrangement put in place will ultimately generate a financial surplus. In light of the foregoing, it is recommended that Members utilise the provisions of Standing Order 1(6)(a), and agree to set aside the need for an estimated expenditure to be approved in advance of the procurement of a joint venture partner(s). In doing so, Members have the reassurance that the outcome of the procurement will be reported back to Council prior to the award of a contract(s).

- 5.3.2 The key strategic projects identified to deliver the step change in the supply of housing are both ambitious and exciting. Having the appropriate human resources in place is essential to ensure their effective delivery and we are looking to create an in-house delivery team who will have responsibility for delivering the affordable housing objectives as set out in the SIP.

The team would be managed by a new post of Housing Programme Manager on a 3 year fixed term basis and this post will report to the Director for Housing and Environment. Officers will be reviewing what further resources will be needed to deliver the project, taking into account existing resources and technical expertise.

5.4 High quality digital connectivity at home and at work

- 5.4.1 Managing and implementing the complex Accelerate Aberdeen project requires the appropriate resource to be in place.

At the EP&I committee on the 22nd January it was agreed to “*obtain Councils agreement to recruit a Head of Broadband Delivery and Broadband Delivery Project Manager to oversee delivery of the Accelerate Aberdeen Programme*”.

This report seeks to obtain that approval to recruit to these posts.

The posts will report to the Programme Manager in the restructured EP&I Directorate as per the further committee report outlining this full structure.

A review of any further resources required is currently taking place.

5.5 Better local transport

- 5.5.1 The SIP outlines details of the objectives and funding arrangements for the identified projects to deliver better local transport.

- 5.5.2 As outlined in the SIP, phase 1 of the Berryden Corridor is part of the Capital Plan and is programmed for delivery by the end of 2017/18. However further phases of improvements have been identified and are necessary to achieve all the objectives and in particular will improve traffic flow for city centre regeneration. The start date for these phases is subject to funding availability and the timing of this funding. Therefore it is necessary to look at ways to bring this work forward and this will be considered as part of the 2014/15 budget process and will be reported to Council in February 2014.
- 5.5.3 The AWPR is a crucial element of transport infrastructure that will assist in addressing some of our transport challenges, however improving internal connectivity once the AWPR is open is also crucial and needs to be considered now.

The current Local Development Plan will see the development of significant new housing and business park developments in the coming years and it is necessary to start to investigate ways to maximise connectivity between these new developments and connect communities to major strategic sites including universities, business parks, harbours, airports, stations and city centres.

The report seeks to instruct officers to open negotiations with the Scottish Government and investigate proposals for cross-city connections with a view to establish funding mechanisms for investigation and delivery of proposals.

5.6 The skills and labour that Aberdeen needs to thrive

- 5.6.1 Given the importance of the oil and gas sector for the city and north east region as well as the wider Scottish and UK economies, the Oil and Gas Academy for Scotland (OGAS) is an important initiative to develop all of the skills that are needed for the industry to continue to thrive.

The SIP outlines this importance and how the Council will promote the OGAS.

5.7 A better image for Aberdeen

- 5.7.1 The SIP outlines that a high quality of life is integral to attracting and retaining the talent and investment needed to grow the economy and how this sense of place, with a key emphasis on the city centre, is crucial in underpinning economic growth and essential in underpinning the necessary infrastructure requirements.
- 5.7.2 Over the last year there has been much discussion and debate around the city centre. The City Centre Development Framework, which was

approved in 2011 to provide a city centre plan to guide future development, looks at addressing the key issues, such as connectivity and in particular, transport linkages, cityscape and functionality and the Main Issues Report into the next Local Development Plan will review and update this Development Framework and provide a robust strategy for the city centre, along with a clear direction for development and a focus on implementation.

City centre regeneration has generated a number of opinions and ideas and it is important that partners can put these forward in a cohesive and collegiate way and we try and reach a consensus on how to regenerate the city centre as a whole.

- 5.7.3 To achieve this it is proposed to establish a City Centre Regeneration Board. It is suggested that the Board will be a working group of the Council and comprise of Elected Members and representatives from appropriate external organisations.

It is envisaged that the Board would consider proposals and specific projects and come to a consensus on a recommended way forward, with this recommendation being reported to Council for discussion and approval.

- 5.7.4 The Council aims to demonstrate a commitment to moving the City Centre forward and will therefore put £20 million into a City Centre Infrastructure Fund.

This has been through funding from the Non Housing Capital Programme. This in turn is financed through a number of mechanisms which include capital grants, capital receipts, revenue contributions, use of the capital fund and external funding. In setting the NHCP in February 2013, in keeping with the overall strategy of reducing debt, a small element of external borrowing was also assumed but to date has not been required.

A review of the funding available has demonstrated that over the current Business Planning period (2013/14 to 2017/18) additional resources can be made available which would not breach the Councils financial strategy of reducing debt over this period.

Setting up this Fund demonstrates a clear focus of the Council to address the investment required within the City Centre. It also allows the Council to provide resources where additional partner funding could also be harnessed and is seen as a real chance for partnership working to reach consensus on the City Centre regeneration.

The Fund will be ring fenced for the city centre team to recommend to Council on the preferred investment strategy in the City Centre.

5.7.5 The report also proposes to establish a Programme Manager and two Project Managers to form part of a City Centre team, in association with partners, to work on proposals as per the City Development Framework and LDP Main Issues Report and ultimately deliver city centre regeneration. This City Centre Team will be incorporated into a wider restructure of the Enterprise, Planning and Infrastructure Directorate and a report outlining this structure will be presented to Council at its meeting on 18th December 2013. However it is felt necessary to establish the posts of Programme Manager and Project Managers in order to make an immediate start on this vital piece of work.

6. IMPACT

6.1 The Strategic Infrastructure Plan relates to the following Single Outcome Agreement objectives:

- We live in a Scotland that is the most attractive place for doing business in Europe;
- We realise our full economic potential with more and better employment opportunities for our people;
- We live in well-designed, sustainable places where we are able to access the amenities and services we need;
- We value and enjoy our built and natural environment and protect it and enhance it for future generations;
- We take pride in a strong, fair and inclusive national identity; and
- Our public services are high quality, continually improving, efficient and responsive to local people's needs.

6.2 It also meets the vision of the Community Plan in promoting a strong image of the city and a sense of civic pride and promotes the redevelopment of the City Centre, which is one of the main priorities for the Community Plan and Single Outcome Agreement and supports the Council's 5 year Business Plan in terms of protecting and enhancing the built environment, attracting visitors, workers and investment to protect the economic future of the city, and, to facilitate new development projects to improve Aberdeen's living and working environment.

6.4 Given the nature of the Strategic Infrastructure Plan it is likely to be of interest to the public.

7. MANAGEMENT OF RISK

7.1 To deliver the priorities identified in the SIP we will establish a multi-disciplinary infrastructure programme. The management of risk will be monitored and any risks mitigated against through a programme risk register.

Each project identified in the SIP would also have in place a risk register and be monitored by the appropriate lead officer and service,

as well as through the programme risk register.

Given the nature of the SIP it will also be included as part of the Corporate Risk Management process.

8. BACKGROUND PAPERS

- Aberdeen – a Smarter City
- Aberdeen Local Development Plan
- Aberdeen City and Shire Structure Plan and Proposed Strategic Development Plan
- ACSEF Manifesto and Action Plan
- City Centre Development Framework 2011
- NESTRANS Regional Transport Strategy and Action Plan
- Local Transport Strategy
- Single Outcome Agreement

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