

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	6 February 2014
DIRECTOR	Angela Scott (Director of Corporate Governance)
TITLE OF REPORT	Non Housing Capital Programme 2014/15 and Indicative 5 Year Budgets
REPORT NUMBER:	CG/14/006

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide the Council with details of the 2014/15 Non Housing Capital Programme, along with indicative investment levels for the 5 year Business Plan period, incorporating the recently approved Strategic Infrastructure Plan. The report also provides details of the updated Corporate Asset Management Plan which directly supports the Capital Programme.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Council:
- a) Approves the capital investment programme of £394million over the 5 year Business Plan life-cycle, as attached at Appendix 1, which incorporates the recently approved Strategic Infrastructure Plan;
 - b) Approves the new self-financing investment bid for the Tenanted Non-Residential Property Portfolio to be included in the capital programme;
 - c) Notes the contents of the updated Corporate Asset Management Plan in Appendix 4; and
 - d) Approves the Prudential Indicators as attached at Appendix 5.

3. FINANCIAL IMPLICATIONS

- 3.1 Details of the proposed capital programme can be found at Appendix 1, along with details of the associated funding streams. A brief description of each project can be found in Appendix 2.
- 3.2 As agreed at Finance, Policy & Resources Committee in September 2013, any surplus at year end 2013/14 after a £1million commitment for the Music Hall redevelopment will be utilised to support the funding of the capital investment of the Council.
- 3.3 The approved capital programme will be managed and monitored within the capital framework as set out in the Prudential Code.

4. OTHER IMPLICATIONS

- 4.1 The Council has a process for identifying and ranking projects, or bids, and this is reflected in the project details in Appendix 1. This includes projects within the Strategic Infrastructure Plan as appropriate.

5. REPORT

Capital Programme

- 5.1 It is the intention of officers to maintain the current financial strategy which will see the total level of borrowing reduce over the 5 year period covered by the business plan.
- 5.2 Given this strategy an assessment has been made on the likely level of capital receipts that may materialise over the 5 year period, along with the level of capital grant and other grants, such as lottery funding.
- 5.3 What this demonstrates is that over the 5 year period a programme of around £394 million can be delivered and still have the total debt of the Council reduce over the period. The potential impact of Aberdeen Western Peripheral Route funding is still being fully investigated, however it should be noted that Scottish Ministers have given consent to borrow if required.
- 5.4 The General Fund revenue budget assumes, in principle, a programme of around £394 million as the capital financing charges, charged to the revenue account, are allowed for in the 5 Year Business Plan.

- 5.5 Additional capital projects submitted to the budget process are included for reference in Appendix 2. It is recommended that Council approves the self-financing investment bid for the Tenanted Non-Residential Property Portfolio as part of the non-housing programme, as it will not impact on overall programme funding.
- 5.6 Projects included in the “New Bids / Submissions not previously included in the NHCP” section of Appendix 2 do not have identified funding strategies and have not been included in the non-housing capital programme.

Corporate Asset Management Plan

- 5.7 The Council’s first Corporate Asset Management Plan (AMP) was approved by the Finance & Resources Committee in February 2013. In line with best practice this has been updated for 2014. The update is shown in Appendix 4.
- 5.8 The Corporate AMP is a strategic document that ensures that our use and management of assets is aligned to our strategic objectives and priorities. This includes processes for selection of projects for inclusion in the Capital Programme. In addition the Corporate AMP will play a key role in the further development and delivery of the SIP.

6. IMPACT

- 6.1 As a recognised top priority the Council must take the necessary measures to balance its budget. Therefore, Services are expected to work within a financial constraint as defined by their annual budgets.

7. BACKGROUND PAPERS

Scottish Government Finance Circulars
Priority Based Budget Report
2013/14 Monitoring Reports
5 Year Business Plan

8. REPORT AUTHOR DETAILS

Scott Paterson
Senior Finance Officer (Projects)
spaterson@aberdeencity.gov.uk
01224 523570

Helen Valentine
Finance Manager (Projects)
hvalentine@aberdeencity.gov.uk
01224 522098

Alastair Reid
Team Leader – Asset Management
alareid@aberdeencity.gov.uk
01224 522627

APPENDIX 2

		Draft	Draft	Draft	Draft	Draft	Total
		2014/15	2015/16	2016/17	2017/18	2018/19	
NHCP No.	New Bids / Submissions - Self-Financing Investments	£'000	£'000	£'000	£'000	£'000	£'000
New	Investment in Tenanted Non-Residential Property Portfolio	100	900	1,000	750	150	2,900
New	Renewable Energy Strategies & Projects	740	0	0	0	0	740
		840	900	1,000	750	150	3,640
		Draft	Draft	Draft	Draft	Draft	Total
		2014/15	2015/16	2016/17	2017/18	2018/19	
NHCP No.	New Bids / Submissions not previously included in the NHCP	£'000	£'000	£'000	£'000	£'000	£'000
New	Strategic Land Acquisition	3,000	0	0	0	0	3,000
New	Implement Zero Waste Strategy (New Collection Services Depot)	1,000	2,000	0	0	0	3,000
New	School Estates Review - New Stoneywood Primary	750	3,250	7,500	1,500	0	13,000
New	School Estates Review - Greenbrae Extension	500	1,500	0	0	0	2,000
New	School Estates Review - New Countesswells Primaries & Secondary	0	0	0	0	1,500	1,500
New	School Estates Review - Bucksburn Academy (3Rs) Extension	0	0	0	0	0	0
New	School Estates Review - Victorian Schools Programme	2,000	2,000	2,000	2,000	2,000	10,000
		7,250	8,750	9,500	3,500	3,500	32,500
		8,090	9,650	10,500	4,250	3,650	36,140
	Totals - New Projects	8,090	9,650	10,500	4,250	3,650	36,140

APPENDIX 3

NHCP No.	Rolling Programmes	Project Description
294	Corporate Property Condition & Suitability	A programme of investment improving and enhancing the Councils assets. Primarily aimed at operational properties.
551	Cycling Walking Safer Streets	A programme of investment in adopted roads to encourage walking and cycling and improve pedestrian safety.
789	Planned Renewal & Replacement of Roads Infrastructure	A programme of investment in adopted roads network and lighting infrastructure.
784	Fleet Replacement Programme	A replacement programme for the Council's vehicle fleet and plant.
765G	Nestrans Capital Grant	Grant paid to the North East Scotland Transportation Partnership to support funding for strategic transport infrastructure projects.
779	Private Sector Housing Grant	Grants for properties in serious disrepair, or in need of adaptations to accommodate persons with disabilities

APPENDIX 3

NHCP No.	Other Projects	Project Description
630	Data Centre Move	Refresh and upgrade of the infrastructure within data centre facilities.
805	Technology Investment Requirements	Investment in ICT to support delivery of service efficiencies across the Council.
759	School Estate Strategy - New Brimmond School	New school to replace former Bucksburn and Newhills Primaries.
776	New ASN School	New additional support needs school to replace existing facilities.
799A	Art Gallery Redevelopment - Museums Collection Centre	The new Museums and Gallery Store is a further key infrastructure project closely linked to the Art Gallery Redevelopment and is an enabler to deliver this project.
799B	Art Gallery Redevelopment - Main Contract (HLF)	The project is to undertake a transformational scheme at Aberdeen Art Gallery which will improve, rejuvenate and preserve a distinctive granite building which acts as a cultural focus for the City of Aberdeen and North East Scotland.
804	New Milltimber Primary	Replacement school required to accommodate pupils from planned residential developments.
808	New Academy to the South	New school to replace Torry and Kincorth Academies at a new site at Bobby Calder Park.
587	Access from the North / 3rd Don Crossing	The Third Don Crossing is a strategically crucial upgrade of the local road network which falls within the Council's remit.
627	Aberdeen Western Peripheral Route	Creation of new road funded by the Scottish Government, ACC and Aberdeenshire Council.
663	Corporate Office Accommodation	Upgrading of corporate office accommodation including the Frederick Street Centre and the Town House.

APPENDIX 3

NHCP No.	Other Projects	Project Description
794	Hydrogen Buses	Pilot project for introduction of Hydrogen Buses in Scotland. Includes creation of Hydrogen fuelling station at Kittybrewster.
795	Accelerate Aberdeen (City Broadband)	The Accelerate Aberdeen programme, is a multi-stream project that seeks to provide the region with the world class digital infrastructure it requires, with economic growth and development at its core.
800	St Nicholas House Demolition	Demolition of St Nicholas House to free up site for development.
806A	CATI - South College Street	Dualling of remaining stretch of South College Street. Part of the Central Aberdeen Transport Infrastructure.
806B	CATI - Berryden Corridor (Combined Stages 1, 2 & 3)	Continuation of dual carriageway through to St Machar Drive. Part of the Central Aberdeen Transport Infrastructure.
806C	CATI - Pedestrianise Union Street	Pedestrianisation of section of Union Street from Market Street to Bridge Street. Part of the Central Aberdeen Transport Infrastructure.
807	A96 Park & Choose / Dyce Drive Link Road	This link road is an essential link between the Aberdeen Western Peripheral Route (AWPR) and the airport and will act as a driver for commercial development of the surrounding land. The other element of this project is the development of a new Park and Choose facility on the A96.
497	Ness Landfill Restoration	Environmental project to clean-up and restore the former Ness landfill site.
766	Hill of Tramaud Change of Law Costs	Ongoing works to manage former landfill site.
797	Victoria House	Self contained flats and supported accommodation (hostel), with associated staffing, catering and service areas.

APPENDIX 3

NHCP No.	Other Projects	Project Description
810A	Ness Landfill Leachate & Gas Control Measures	Ongoing works to manage former landfill site.
810B	Energy from Waste (EfW) Procurement and Land Acquisition	Required for future development of an energy from waste plant.
810C-K	Implement Zero Waste Strategy	Plan to expand services and develop local infrastructure that will take the city towards Zero Waste.
811	Social Care Facilities - Burnside	New build facility to replace Rosehill House Day Care Centre.
812	Social Care Facilities - Replacement / Upgrade Childrens Home	Replacement of Childrens Home which may include the purchase and refurbishment of the current Kingsfield property.
816	Social Care Facilities - Respite Centre	New provision of respite care to meet growing demand.
817	Social Care Facilities - Rosewell House Therapy Pool	Project to create new hydro therapy pool at Rosewell House.
818	Tillydrone Extra Care Village Residential Type Care	New build facility for providing residential type care. Linked to the regeneration of Tillydrone.
819	Tillydrone Extra Care Village Community Hub	New build facility to provide a community hub. Linked to the regeneration of Tillydrone.

APPENDIX 3

NHCP No.	Other Projects	Project Description
New	Music Hall Refurbishment	Renovation and refurbishment of the Music Hall. Joint project with Aberdeen Performing Arts.
New	City Centre Regeneration	Fund 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.
New	City Deal	Development of City Deal proposal for submission to the UK Government

NHCP No.	New Bids / Submissions - Self-Financing Investments	Project Description
820	Investment in Tenanted Non-Residential Property Portfolio	Investment in the Council's commercial portfolio to increase rental income and enhance asset values.
New	Renewable Energy Strategies & Projects	Initial project will be investment in the Wind Turbine Project at South Lasts Farm.

Corporate Asset Management Plan Update 2014

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10. Performance Measures
11. Capital Strategy and Funding - Non-Housing
12. Capital Strategy and Funding - Housing
13. Key Priorities/Programme for Improvement
14. Glossary of Terms

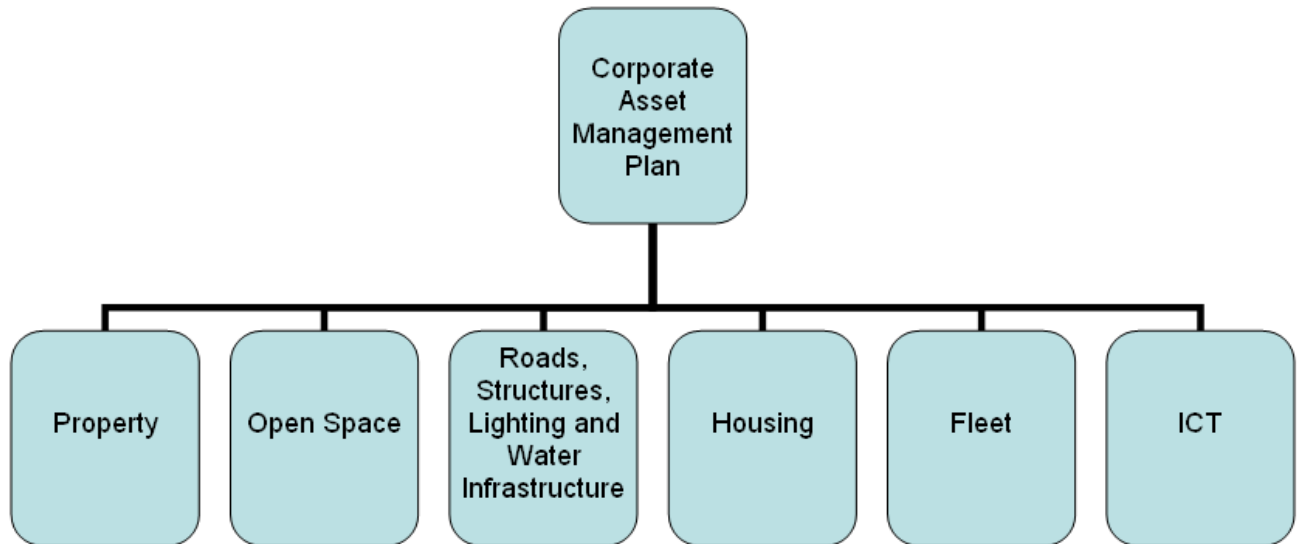
Executive Summary

1 Asset Management Planning

- 1.1 Asset Management is widely recognised by the Scottish Government and public bodies as vital to optimising the use and management of assets with the aim of releasing financial and service benefits. This is identified in a publication from the Scottish Futures Trust (SFT) entitled “Improving Asset Management across the Scottish Public Sector”. Such thoughts have been expressed in earlier publications from Audit Scotland, the Chartered Institute of Public Finance & Accountancy (CIPFA) and various professional bodies.
- 1.2 This document is an update of the Council’s first Corporate Asset Management Plan (AMP), which was approved in February 2013.

2 Asset Management Planning in Aberdeen

- 2.1 Aberdeen has become an exciting place to live, work and visit. It has evolved into a city with a recognised global reputation for knowledge development, capture and application. Its people have a strong, outward-looking view of the world, grounded in an equally strong sense of their traditional North-East identity. Its continued economic success is benefiting all its citizens and advancing equality in the city such that the City is now highly placed in Europe for quality of living.
- 2.2 Asset management therefore has an important role in maintaining and enhancing Aberdeen’s position. This Council has carried out asset management in other guises for many years but it was not until 2007 that the Council actively set out to implement asset management. Part of this initial step was to ask CIPFA to perform a review of asset management within the Council. These findings were included within the 2009 Property AMP. Significant steps have been made since then both in corporate asset management and in particular property asset management.
- 2.3 The diagram below indicates the best practice model for strategic asset management documents, with the Corporate AMP acting as an umbrella document. Sections 4 - 9 of this document identifies the progress with each of the individual AMP’s. Each detailed asset management plan will follow a broadly similar structure although by the very nature of the different types of assets they approach asset management in different ways when required. However, they will have a common theme of offering a critical appraisal of existing asset performance as well as identifying future investment requirements.



3 Council's Vision and Asset Objectives

- 3.1 The key to ensuring that our assets deliver what is required for Aberdeen, both now and in the future, is ensuring that our use and management of assets is aligned to our strategic objectives and priorities.
- 3.2 The Council's Vision and strategic priorities are set out in 'Aberdeen – the Smarter City'. To realise this vision, Aberdeen City Council is working to support:

An ambitious, achieving, smart city, which:

- Develops an economy based on knowledge and innovation;
- Encourages more efficient use of greener resource which generates a competitive economy;
- Uses technology and data to enable informed decisions to be taken;
- Enables citizens to interact in a city where there is a sense of place; and
- Encourages a form of governance which engages citizens.

Strategic priorities are set out under specific themes:

- Smarter Governance;
- Smarter Living;
- Smarter People;
- Smarter Environment;
- Smarter Economy; and
- Smarter Mobility.

Assets we use, occupy or provide have a particularly important role to play in Smarter Living, Smarter People, Smarter Environment and Smarter Mobility themes.

3.3 The Council's approved vision for our assets is:

“The Council will provide assets, working with partners, where appropriate, which support the Council in the delivery of quality services by being fit for purpose, accessible, efficient, suitable and sustainable.”

3.4 At the meeting of the Council on 31 October 2013 the Strategic Infrastructure Plan (SIP) was approved. The Plan focuses on the delivery of our Strategic and Local Development Plans, including the associated funding sources and potential funding models. The SIP identifies five key infrastructure goals around housing supply, digital connectivity, skills and labour, transport and providing a better image for Aberdeen. It contains bold, large-scale projects that will help us deliver our priorities. It is both ambitious and achievable.

3.5 The Corporate AMP will play a key role in the further development and delivery of the SIP. The most up to date capital programme, reflecting current priorities, available funding and spending profiles is set out within the extended Capital Programme.

4 Delivery Arrangements

4.1 The Corporate Asset Group continues to generate a culture and awareness of asset management within the council. As a result significant improvements have been made in asset management processes. The importance of the group continues to be recognised particularly in terms of the support it provides to all services in developing their Service Asset Management Plans, considering the corporate impact of service demands for new assets and therefore the management of the capital projects and programmes process.

4.2 Asset Management Plans for each of the asset types are already in place or are programmed for completion during 2014. Details of the progress with each AMP are shown in Sections 4 - 9. Annual updates are required, with best practice suggesting a comprehensive review every 3 years. Service AMPs are also subject to annual update.

5 Performance Management

5.1 The effectiveness of this asset management strategy needs to be measured. Key Performance Indicators will therefore be needed for each of the AMPs. Those selected should give an overview of the performance across the asset groups or specific asset groups. A range of indicators exist and are used for benchmarking purposes through a variety of performance networks. However, in some cases new indicators may require to be devised.

6 Capital Strategy and Funding – Non-Housing

- 6.1 In 2013 the Council moved to a five year capital programme to allow for easier management and greater certainty. The Council faces real challenges in funding capital projects and the demands for new infrastructure and buildings. Recent years has seen a reduction in the capital programme when compared with the previous 5 years. As reiterated in the SIP, it is a fundamental policy of the Council to reduce debt over the 5 Year Business Plan. As such, the majority of future capital programmes will be funded through the Scottish Government grant and capital receipts, or by Services allocating revenue funds for capital investment to avoid impacting on the overall debt position. In addition there is an increased incentive to identify traditional funding methods such as other grants as well as looking at alternative funding methods. This would include revenue options and partnership working.
- 6.2 A five year capital programme for financial years 2013/14 to 2017/18 was approved by Council in February 2013. The extended programme and funding strategies take account of changes to projects and the SIP, and is presented in conjunction with this plan for approval by Council. This programme will extend the current programme and funding strategies to 2018/19.

7 Capital Strategy and Funding – Housing

- 7.1 The Council is working towards a 30 year business plan which demonstrates the long term affordability of maintaining and improving the Council housing stock. The Housing Capital Programme is an integral element of the long term plan. The monies required to fund the housing capital programme can be achieved through a combination of external borrowing, capital grants and a revenue contribution. The primary revenue income is rent which means the Housing Capital Programme is closely tied to the rent strategy.
- 7.2 The approved Housing Capital Programme is summarised below. Proposed works for the 2014/15 financial year have been produced using the information held on cyclical replacement of each element (central heating, kitchens, bathrooms etc) and community projects provided by key stakeholders.

Heading	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's
SHQS	37,583	30,163	26,868	25,389	24,270
Non SHQS	3,935	2,487	2,104	2,037	2,045
Corporate Fees	5,405	4,424	3,961	3,756	3,599
Total	46,923	37,074	32,933	31,182	29,914

8 Key Priorities

- 8.1 The tasks identified by the CAG are key to ensuring the continued implementation of asset management. The timetable may vary slightly depending on future Committee dates.

1. Background

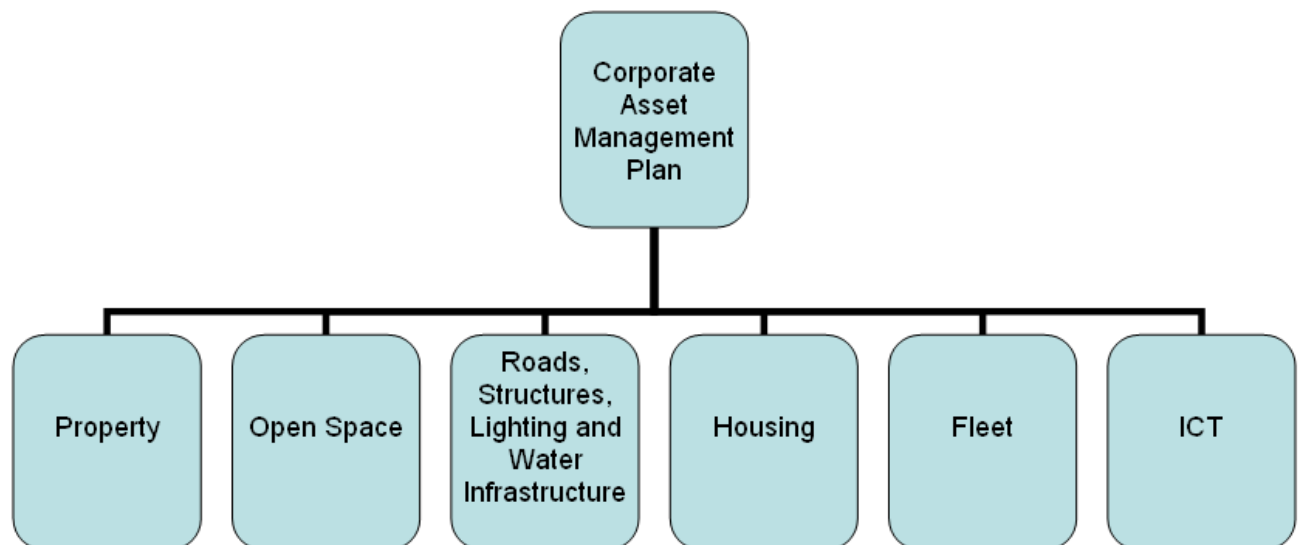
1.1 Asset Management Planning

- 1.1.1 Asset Management is widely recognised by the Scottish Government and public bodies as vital to optimising the use and management of assets with the aim of releasing financial and service benefits. This is identified in a publication from the Scottish Futures Trust (SFT) entitled “Improving Asset Management across the Scottish Public Sector”. Such thoughts have been expressed in earlier publications from Audit Scotland, the Chartered Institute of Public Finance & Accountancy (CIPFA) and various professional bodies.
- 1.1.2 Asset Management Planning simply put ‘ensures that assets make the maximum possible contribution to achieving the goals and objectives of an organisation’.
- 1.1.3 All councils across Scotland have taken up asset management to some degree. However, there are few that could say that they have fully developed Asset Management Plans for all their assets.
- 1.1.4 This document is an update of the Council’s first Corporate Asset Management Plan (AMP), which was approved in February 2013.

1.2 Asset Management Planning in Aberdeen

- 1.2.1 Aberdeen has become an exciting place to live, work and visit. It has evolved into a city with a recognised global reputation for knowledge development, capture and application. Its people have a strong, outward-looking view of the world, grounded in an equally strong sense of their traditional North-East identity. Its continued economic success is benefiting all its citizens and advancing equality in the city such that the City is now highly placed in Europe for quality of living.
- 1.2.2 Asset management therefore has an important role in maintaining and enhancing Aberdeen’s position. This Council has carried out asset management in other guises for many years but it was not until 2007 that the Council actively set out to implement asset management. Part of this initial step was to ask CIPFA to perform a review of asset management within the Council. These findings were included within the 2009 Property AMP. Significant steps have been made since then both in corporate asset management and in particular property asset management.
- 1.2.3 Asset management is now well developed within the Council. Significant improvements have been made in essential processes and procedures as well as a structured approach for ongoing improvements to actual assets. This practice is set to continue in future years within all services and various work streams subject to funding availability.

- 1.2.4 The expected growth in the population and the new communities created as a result, along with demographic changes within existing communities, creates challenges in asset management terms. This includes identifying provision for new assets, rationalisation of existing assets which are no longer required or are not suitable for future service delivery and identifying appropriate funding.
- 1.2.5 Also of note is a significant push from the Scottish Government, through the SFT to improve joint working and integration with all public sector partners. The Council is already an active contributor to the work of the Grampian Public Sector Strategic Asset Group (GPsSPAG) (a network of public sector partners in the Grampian area).
- 1.2.6 The diagram below indicates the best practice model for strategic asset management documents, with the Corporate AMP acting as an umbrella document. Sections 4 - 9 of this document identifies the progress with each of the individual AMP's. Each detailed asset management plan will follow a broadly similar structure although by the very nature of the different types of assets they approach asset management in different ways when required. However, they will have a common theme of offering a critical appraisal of existing asset performance as well as identifying future investment requirements.



2. Corporate – Objectives and Priorities

2.1 Council's Vision and Asset Objectives

2.1.1 The key to ensuring that our assets deliver what is required for Aberdeen, both now and in the future, is ensuring that our use and management of assets is aligned to our strategic objectives and priorities.

2.1.2 The Council's Vision and strategic priorities are set out in 'Aberdeen – the Smarter City'. To realise this vision, Aberdeen City Council is working to support:

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2.1.3 The Council's approved vision for our assets is:

“The Council will provide assets, working with partners, where appropriate, which support the Council in the delivery of quality services by being fit for purpose, accessible, efficient, suitable and sustainable.”

2.1.4 In order to deliver our Strategic Priorities, 6 overarching asset aims and objectives have been established to ensure that the Council's assets are fit for purpose within the current budgetary restraints.

- **Assets must meet the needs of those that use them.** As assets are used by all services to assist in their delivery of services, they are vital in ensuring continuing support to all citizens, users of the council's services, and the local economy.
- **Assets must be economically sustainable.** This means keeping running costs down, considering the reuse of assets rather than renewal, undertaking option appraisals incorporating whole life costing for projects and assessing opportunity costs where relevant.
- **Assets must be safe and comply with current legal requirements.**
- **Assets must make a strategic impact.** Ensuring that our assets contribute to the outcomes set out within our Single Outcome Agreement, contribute to our strategic priorities and address challenges.
- **Assets must be environmentally sustainable.** Ensuring that asset decisions take into account both the local and global environment and make a positive contribution to a sustainable community.
- **Work with our partners where practical to encourage joint working, sharing of assets and shared asset strategies.**

2.2 Strategic Infrastructure Plan

2.2.1 At the meeting of the Council on 31 October 2013 the Strategic Infrastructure Plan (SIP) was approved. The Plan focuses on the delivery of our Strategic and Local Development Plans, including the associated funding sources and potential funding models. The SIP identifies five key infrastructure goals around housing supply, digital connectivity, skills and labour, transport and providing a better image for Aberdeen. It contains bold, large-scale projects that will help us deliver our priorities. It is both ambitious and achievable.

2.2.2 The Corporate AMP will play a key role in the further development and delivery of the SIP. The most up to date capital programme, reflecting current priorities, available funding and spending profiles is set out within the extended Capital Programme.

3. Delivery Arrangements

3.1 Corporate Asset Group

3.1.1 The Corporate Asset Group continues to generate a culture and awareness of asset management within the council. As a result significant improvements have been made in asset management processes. The importance of the group continues to be recognised particularly in terms of the support it provides to all services in developing their Service Asset Management Plans, considering the corporate impact of service demands for new assets and therefore the management of the capital projects and programmes process.

3.1.2 The Head of Asset Management & Operations continues to chair the group, with the following officials representing each Service:

- Head of Finance, Corporate Governance
- Head of Environment Services, Housing & Environment
- Head of Regeneration and Housing Investment, Housing & Environment
- Head of Service, Office of Chief Executive
- Head of Customer Service and Performance, Corporate Governance
- Head of Adult Services, Social Care & Wellbeing
- Head of Educational Development, Policy and Performance, Education Culture & Sport
- Programme Manager – Smarter Working, Enterprise Planning & Infrastructure

The Corporate Director for Corporate Governance has recently agreed to sponsor the work of the group and will provide an important link between the Corporate Management Team (CMT) and the Corporate Asset Group (CAG).

3.2 Asset Management & Operations

3.2.1 Asset Management and Operations of Enterprise Planning & Infrastructure encompasses a number of teams vital to the implementation of asset management within the Council. Property and infrastructure are the main focus of the majority of the teams. However the Asset and Capital Management function encompasses all assets and provides vital support to other services in developing asset management plans.

3.3 Service Representatives

3.3.1 Each Service has a nominated official who acts as the direct link with the Asset Management Team. In most cases they also coordinate the Asset Management Plans (AMP) and Service Asset Management Plans (SAMP) for their service. Members of the Asset Management Team meet with Service Reps on a six weekly basis to discuss the key issues.

3.4 Asset Management Plans

3.4.1 Asset Management Plans for each of the asset types are already in place or are programmed for completion during 2014. Details of the progress with each AMP are shown in Sections 4 - 9. Annual updates are required, with best practice suggesting a comprehensive review every 3 years. Service AMPs are also subject to annual update.

3.5 Partnership & Collaboration

3.5.1 Given the potential benefits the Council needs to continue to work closely with partners, particularly those within the public sector, to ensure joint opportunities for efficiencies are explored. Through the GPsSPAG a number of policies and procedures have been agreed to allow public property assets to be used more efficiently between partners including model occupancy agreements (used by the Council to regularise occupation of 3R schools by Grampian Police and NHS Grampian) and sharing information on potentially surplus assets.

3.5.2 The ongoing joint working within this group shows that there are real opportunities for the Council. Individual AMPs will explore the possibility of similar approaches and will outline how these can be progressed.

3.5.3 The Council is currently working with the Society of Chief Officers of Transport in Scotland (SCOTS) and the other 31 Scottish Councils on the following projects.

- Road Condition Index
- Road Asset Management Plan Phase 2 (In conjunction with County Surveyors Society Wales)
- National Road Maintenance Review
- Scots National Development Guide

3.5.4 Further joint working on infrastructure is carried out with the Association for Public Service Excellence (APSE). This includes the following:

- Performance Networks (In conjunction with SCOTS)
- Best Practise Seminars
- Government Thinking and Comments

3.5.5 Sustainable Urban Drainage Systems (SUDS) are at present adopted by Scottish Water (SW), the exceptions are those which service roads drainage only and are the responsibility of the local roads authority. An initiative by SW and supported by SEPA (Scottish Environmental Protection Agency) is calling on the Scottish Government to urgently review this situation. This may lead to relieving SW of at least some of its adoption responsibilities. A working group has been set up by SCOTS to review the situation and advise COSLA.

3.6 Communication

3.6.1 Communicating the purpose, benefits and achievements of asset management, particularly corporately, is an essential component for success. Training for members and officers has been made available in the past, with the focus at the time primarily on property assets. A session on Corporate Asset Management and Capital Planning for elected members is scheduled for May 2014. This will focus on a much wider variety of issues.

3.6.2 It is also necessary to review the requirements of officers, to ensure that there is sufficient asset management knowledge. The level of training required will vary, particularly between groups. A review will be carried out to establish an appropriate way forward.

3.6.3 All the approved AMPs are available on the Council's website along with some general information and contact details. In addition, there is a Property Asset Management toolkit available on the Council's internal website. This holds all the essential information for Services and includes links to documents such as the Service AMP guidance and suitability assessment proforma.

4. Property Asset Management Plan

Status – 2013 PAMP Update approved by Property Sub Committee 24
September 2013

Lead Service – Enterprise Planning & Infrastructure

4.1 Introduction

4.1.1 The Council owns a hugely diverse property portfolio containing around 1200 assets, including both land and buildings. It is a constantly evolving portfolio with assets being sold, built and leased, all resulting in changes to the overall numbers.

4.1.2 The Council's first Property Asset Management Plan (PAMP) was approved in 2009 with a complete rewrite taking place in 2012. This was in line with good practice of annual updates and complete review every three years. The PAMP update was approved in 2013.

4.2 Assets Included

Asset Type	Number	Grouping
Car parks (incl multi-storey and staff)	29	Operational
Childrens Homes	6	Operational
Community Centres/Flats	44	Operational
Day Centres	4	Operational
Depots/Stores	43	Operational
Education	69	Operational
Family Centres	6	Operational
Homes and Hostels	18	Operational
Libraries	17	Operational
Miscellaneous (e.g. Crematorium)	5	Operational
Museums/Galleries	5	Operational
Office	31	Operational
Public Conveniences	13	Operational
Leisure Facilities	5	Operational
Sports Facilities	3	Operational
Construction/Refurbishment funded	9	Operational
Aberdeen Performing Arts	3	Operational Trust
Sports Trust Managed	32	Operational Trust
Vacant but not Declared Surplus	16	Not Declared Surplus
Held for Roads Improvement	6	Vacant Held for Roads Improvement
Business Centres	3	Tenanted Non Residential Property
Car parks and spaces	23	Tenanted Non Residential Property
Commercial (Other)	9	Tenanted Non Residential Property
Depots/Stores	14	Tenanted Non Residential Property
Factory/Industrial Units	113	Tenanted Non Residential Property
Farm and field leases	34	Tenanted Non Residential Property
Garage sites and lock-ups	61	Tenanted Non Residential Property
Ground Leases	329	Tenanted Non Residential Property
Homes and Hostels	15	Tenanted Non Residential Property
Miscellaneous Assets	9	Tenanted Non Residential Property
Offices	18	Tenanted Non Residential Property
Sports Facilities	5	Tenanted Non Residential Property
Shops	91	Tenanted Non Residential Property
SITA Managed Assets	7	Tenanted Non Residential Property
Staff Houses	38	Tenanted Non Residential Property
Community Facilities	6	Tenanted Non Residential Property
Various Surplus Assets	50	Surplus Assets

4.3 Aims & Objectives

4.3.1 Our approved vision for property assets is:

“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.”

There are 7 overarching property aims and objectives that will seek to ensure that the Council’s assets are fit for purpose within the current budgetary restraints:

- **Assets must meet the needs of those that use them.** This includes staff, elected members, visitors, customers and the general public, people with disabilities or special needs and other minority groups. This means creating a comfortable and accessible environment that makes a positive contribution to the use to which the asset is put. It also means asking people what they think about our property assets and responding to their needs.
- **Assets must be economically sustainable.** This means keeping running costs down, prioritising capital spending, considering the reuse of assets rather than renewal, proper option appraisal incorporating whole life costing and assessing opportunity costs.
- **Assets must be safe and comply with current legal requirements and any future requirements.** This means ensuring that regular surveys and inspections for asbestos, legionella, fire and health and safety as well as physical conditions surveys and Disability Discriminations Act (DDA) audits are undertaken.
- **Assets must make a strategic impact.** Ensuring that our property decisions are linked to decisions on other Council resources (staff, IT, finance) and that asset management contributes to our strategic priorities and challenges.
- **Assets must be environmentally sustainable.** Monitoring and reducing energy consumption and CO² emissions, ensuring that asset decisions take into account both the local and global environment and make a positive contribution to a sustainable community.
- Working with our public sector partners, primarily in the Grampian Public Sector Strategic Property Asset Group. We are developing a shared strategy to **encourage the sharing of property assets where practical.**
- **Heritage Assets should be maintained to a high standard.** Ensuring the Council upholds its responsibilities in maintaining our built heritage.

4.4 Investment Requirements

- 4.4.1 A five year capital programme was approved in February 2013, which was an extension of the existing three year programme. The property related projects included within the programme are listed below, as are those that have now been completed.
- 4.4.2 Since the approval of the programme the Council has approved the SIP which identifies a number of projects that the Council aims to progress. The capital programme supports the delivery of the SIP with a number of projects being funded in the short to medium term.
- 4.4.3 A number of ongoing reviews of the Education Culture & Sport estate is likely to identify significant capital investment. These requirements will become clearer in early 2014 and will be considered as business cases are developed. The reviews are listed under the future funding requests heading.

Capital Projects Completed in 2013

- New Childrens Home (Marchburn)
- Extension to Riverbank School
- Tullos Pool Refurbishment
- Refurbishment of the Quarry Centre
- Various capital works through the C&S programme
- Frederick Street Multi-storey Car Park
- Replacement Green Houses at Duthie Park Winter Gardens
- Frederick Street Ground Floor Office Accommodation

Projects in Capital Programme

- New Additional Supports Need School
- Replacement Childrens' Home
- Tillydrone Extra Care Village
- Respite Centre (Balnagask House)
- Therapy Pool (Rosewell House)
- New Homeless Accommodation (Victoria House)
- New Brimmond Primary School
- Condition & Suitability Rolling Programme
- Corporate Office Accommodation Improvements
- Energy from Waste Plant Land Acquisition
- New Academy to the South
- Art Gallery Redevelopment
- Museums & Galleries Collections Centre
- New Milltimber Primary
- St. Nicholas House Demolition
- Redevelopment of the Music Hall

Anticipated Future Funding Requests

- Outcomes of Cultural Asset Review
- Outcomes of School Programme
- Outcomes of Leisure Asset Review
- Outcomes of Community Learning & Development Review
- Investment in Tenanted Non-Operational Property Portfolio
- Mither Kirk Project
- Energy From Waste Project

5. Open Space Asset Management Plan

Status – Open Space Strategy in place. First Open Space AMP required.

Lead Service – Enterprise Planning & Infrastructure

5.1 Introduction

5.1.1 Aberdeen City is renowned for its beautiful parks and open spaces, which are considered to be some of the best green spaces in Scotland. This makes for a beautiful city environment and contributes to our quality of life. There is growing evidence that quality and accessible open spaces play a vital role in the health and wellbeing of everyone. Good quality open spaces provide opportunities for outdoor recreation, physical exercise and promote social interaction and cohesion. It is recognised that open spaces play an important role in reducing and mitigating the effects of climate change and the conservation of biodiversity. They act as green lungs for the city and its residents and help in absorbing carbon emissions. Developing and managing quality open spaces is a major challenge that demands resources and time. This cannot be achieved by an individual or an organisation and requires joint working and a partnership approach.

5.1.2 The Council has an approved Open Space Strategy, which covers many aspects of what would be considered an Open Space AMP. In addition the Housing & Environment AMP approved at the Housing & Environment Committee on 27 August 2013 also identifies some key asset management issues. This information is currently being brought together within the Open Space AMP which is being developed and should go before elected members in the first half of 2014.

5.2 Assets Included

- Public Parks and Gardens
- Amenity Greenspace
- Play Space for Children
- Sports Areas
- Green Corridors
- Allotments
- Natural / Semi-Natural
- Civic Space
- Burial Grounds
- Former Landfill Sites
- Park / Street Furniture

5.3 Aims & Objectives

5.3.1 In development. The Vision, Aims and Objectives within the Open Space Strategy will act as a starting point.

5.4 Investment Requirements

Capital Projects Completed in 2013

- Duthie Park Restoration

Projects in Capital Programme

- Leachate and Gas Control Measures at Ness Landfill
- Hill of Tramaud Landfill - Change of Law Costs (further phase)
- Play equipment – removal / replacement (included within C&S Programme)

Anticipated Future Funding Requests

To be determined on completion of the Open Space AMP.

6. Infrastructure Asset Management Plan

Status – Road AMP approved at Enterprise Planning & Infrastructure in 2012 and updated via bulletin report in September 2013. First Infrastructure AMP to be completed in 2014.

Lead Service – Enterprise Planning & Infrastructure

6.1 Introduction

6.1.1 The Council had its Roads AMP approved in 2012 with the update circulated as a bulletin report. This AMP did not cover the full range of infrastructure assets and work is required to extend this document so that it covers all of the infrastructure assets listed below.

6.2 Assets Included

- Carriageways – e.g. Adopted Roads Network
- Footways, Cycleways and Verges
- Lighting
- Signs, Barriers and Street Furniture
- Bridges & Other Structures
- Water Related Assets – e.g. Coastal/Flood Defences
- City Broadband

6.3 Aims & Objectives

6.3.1 To be developed as part of the AMP and through supporting documents such as the Roads AMP.

6.4 Investment Requirements

Capital Projects Completed in 2013

- Various works through Planned Renewal & Replacement

Projects in Capital Programme

- Aberdeen Western Peripheral Route
- Central Aberdeen Infrastructure
- Access from the North
- A96 Link Road and Park & Choose
- Planned Renewal & Replacement of Road Infrastructure
- Accelerate Aberdeen
- Cycling Walking Safer Streets Grant
- Berryden Dualling (Stages 1-3)
- City Centre Regeneration (Note: may cross various asset groups)

Anticipated Future Funding Requests

- Wind Turbine at South Lasts Farm

7. Housing Asset Management Plan

Status – Being developed

Lead Service – Housing & Environment

7.1 Introduction

7.1.1 The housing stock for Aberdeen City Council has continued to reduce over the years because of the 'Right to Buy' (RTB), however the Council applied for Pressured Area Status (PAS) in 2007 which has resulted in a decrease of applications being made by tenants to purchase their properties. In 2012 the Council extended the number of PAS letting areas to 50 and this will contribute to further reductions in RTB sales. The main reasons for applying for PAS are due to the Council experiencing an increase in waiting lists coupled with the number of relets of properties declining, subsequently putting pressure on meeting housing needs in the City. Since the first Corporate AMP the Scottish Government has announced its intention to end right to buy entitlements. Further pressure has been exerted on the Council's ability to meet housing needs by the number of priority need homeless households being offered permanent accommodation. This was required to meet the Scottish Government's homeless target.

7.1.2 The Council has recently embarked on a new build housing programme which has already provided 151 new homes with 20 under construction and is also working with local developers through the National Housing Trust (NHT) to provide 164 mid-market rent properties. Importantly, the SIP recognised that the delivery of affordable housing is the highest priority for the economic future of the City and has agreed a step change to delivery. This will involve establishing a new build programme on Council land for 1026 houses by 2017, and over 1400 by 2019. This will complement the SIP which has targets to deliver 500 affordable housing units by 2017 through a partnership approach with private developers. With a further 554 units through the Strategic Housing Investment Plan within the same timescale.

7.1.3 Within its new Housing Asset Management Plan, Housing & Environment has started to develop an appropriate plan for its 59 multi storey flatted blocks, which accounts for approximately 20% of the housing stock. The plan will develop a strategic awareness of the structural and energy efficiency needs of the multi storey housing stock and investment requirements to meet best value for money. The full asset management plan will be presented to Committee in early 2014.

7.1.4 The context within which Plan will operate is:

- Service Planning:
Does the Housing Stock meet the needs and aspirations of tenants? Do we manage it effectively and efficiently?

- Investment Planning:
Do we have a long term costed plan for the repair and maintenance of the housing stock?
- Financial Planning:
Can we afford to manage, maintain and invest in our housing?
Does any part of the housing stock cost more than we collect in rent?

7.2 Assets Included

22,640 houses

- Multi-Storey Blocks
- Non-Traditional Housing Types
- Traditional Housing Types
- Sheltered Housing

7.3 The Asset Management Strategy, Aims & Objectives

- 7.3.1 These will be determined on receipt and presentation to committee of full housing AMP in early 2014.

7.4 Investment Requirements for Housing Assets

Completed Projects

- Various SHQS works
- Various non SHQS works

Current Housing Capital Programme

- Victoria House Flatted Accommodation
- Scottish Housing Quality Standards (SHQS)
 - Compliant with the tolerable standard
 - Free from Serious Disrepair
 - Energy Efficient
 - Modern Facilities & Services
 - Healthy, Safe & Secure
- Non Scottish Housing Quality Standards

8. Fleet Asset Management Plan

Status – Plan approved at Finance & Resources Committee 21 February 2013. Update to be reported to Property Sub-Committee as a bulletin report in February 2014.

Lead Service – Enterprise Planning & Infrastructure

8.1 Introduction

8.1.1 Meeting the requirements of our Fleet Operators License is of vital importance to the delivery of services across the Council. Fleet Management is therefore encompassed within the asset management team to ensure the principles of sound asset management are adopted within this service area.

8.1.2 The Council, as a Fleet Operator, manages and maintains a wide range of vehicles and plant to enable a number of services to operate efficiently. The operation has a legislative basis and failure to meet the requirements of the Traffic Commissioner could lead to a suspension of the license and added costs for the Council to deliver services.

8.2 Assets Included

- Vehicles and Plant - 1531
- Vehicle Workshop - 1

8.3 Aims & Objectives

8.3.1 The aims and objectives in providing a Fleet Maintenance Service is to ensure that the Council continues to operate vehicles which are fit for purpose for delivering services, meet all of the requirements of our Operator's license and satisfies all Health & Safety, Legislative and Statutory requirements.

8.3.2 Goals:

- Ensuring Council Services have the appropriate vehicles to carry out their responsibilities and duties
- Maintaining vehicles to VOSA (Vehicle Operator Services Agency) standard
- Ensuring Fleet Asset Management information and data is collected and stored effectively
- Demonstrating Best Value
- Considering the needs of Stakeholders
- Ensuring vehicles are environmentally friendly
- Maintaining the City Council's Operator's Licence

8.4 Investment Requirements

Completed Projects

- £3.6m of vehicles purchased/ordered

Projects in Capital Programme

- Hydrogen Buses
- Fleet - Rolling Replacement Programme

Anticipated Future Funding Requests

Included within the extension of the Council's rolling Capital programmes.

9. ICT Asset Management Plan

Status – Update approved by Finance, Policy & Resources Committee on 5 December 2013

Lead Service – Corporate Governance

9.1 Introduction

9.1.1 The ICT Section within Corporate Governance is committed to working within the Council and with its partner organisations to deliver a value for money, secure, quality service, which enables business innovation through its use of ICT. The first ICT Asset Management Plan was approved in December 2012 with an update approved in December 2013.

9.2 Assets Included

- Data Centre and network communication facilities incorporating Server;
- Racks, Uninterrupted Power Supplies (UPS), Generators and Air Conditioning;
- Communication lines and network equipment including cabling, wireless access points, controllers, switches, routers and hubs;
- Telephone systems and handsets, including mobile phones, Blackberry and other smart phone devices;
- Desktop computers, laptops and thin client devices;
- Servers;
- Shared network and local storage and backup facilities;
- Shared network and peripheral devices (printers and scanners);
- Local peripheral devices (USB memory sticks, printers, scanners);
- Enterprise applications (Internet/Intranet presence, E-mail, Content Management, Firewall, Security);
- Enterprise Database Systems (Oracle and SQL Server);
- Enterprise Agreements, Contracts and Certificates; and
- Data and Information.

9.3 Aims & Objectives

9.3.1 In designing our approach to ICT asset management we have identified the following 5 overarching aims and objectives that will seek to ensure that the Council's ICT assets are fit for purpose within the current budgetary restraints:

- ICT Assets should meet the needs of those that use them. This includes staff, members, pupils, visitors, customers and the

general public through different access channels (face to face, telephone and online). ICT asset access needs to consider access for those with disabilities and/or special needs, such as additional language support.

- ICT Assets should be economically sustainable with minimal operating costs on a whole life costing model. This means keeping running costs down, maximising existing asset use, reducing duplication and waste while planning for future capacity requirements, prioritising capital and revenue spending, proper option appraisal incorporating whole life costing and assessing opportunity costs. ICT Asset acquisition will follow evaluation and consideration of full life cycle costs and benefits appraisal.
- ICT Assets should be environmentally sustainable. This means considering local and global environmental factors, monitoring and reducing energy consumption and CO₂ emissions through the whole ICT life cycle from manufacture, packaging, utilisation and disposal.
- ICT Assets must be safe, secure and comply with current legal and regulatory requirements and known future requirements. This means ensuring regular audits for DSE requirements and PAT testing of all ICT Assets, regular preventative maintenance and testing of critical ICT assets such as UPS and Air Conditioning within Data Centre and communications room facilities, compliance with WEEE regulations for electrical disposals, compliance with software licensing terms and conditions, compliance with Data Protection Act (DPA) and Disability Discriminations Act (DDA) when designing new ICT systems.
- ICT Assets should link to the Council's strategic business objectives. This means that governance and decision making around ICT Assets are integral to the strategic planning process and managed to deliver its strategic priorities and service in line with risk, providing value for money services for the benefit of the local community.

9.4 Investment Requirements

Projects in Capital Programme

- ICT Investment Programme (revenue)
- ICT Data Centre
- Technology Investment Requirements

Anticipated Future Funding Requests

None currently identified. Since 2012/13 the ICT Investment programme has been funded through the Council's General Services Revenue budget.

Projects Completed in 2013

- Information Communication Technology Connectivity
- Replacement of Education Management Information System

10. Performance Measures

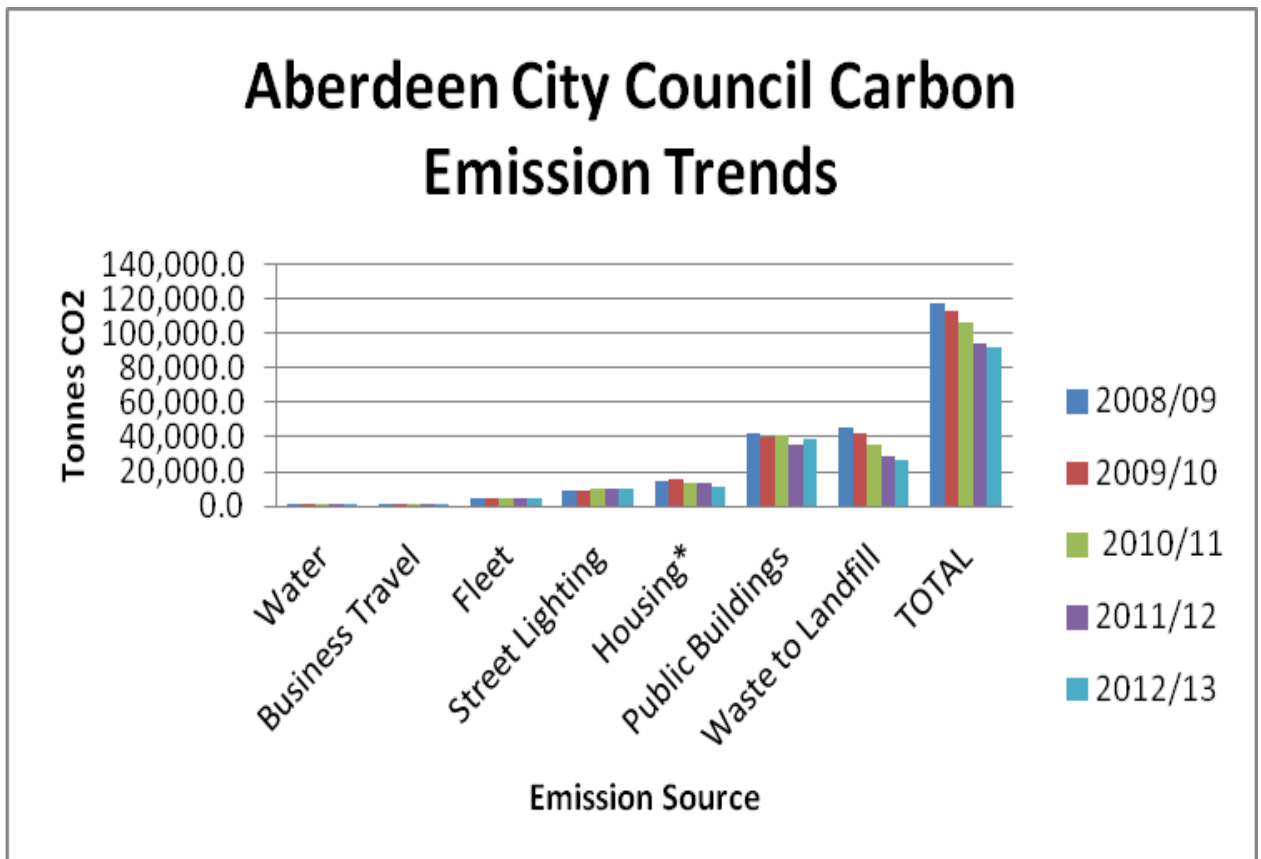
10.1 Introduction

10.1.1 The effectiveness of this asset management strategy needs to be measured. Key Performance Indicators will therefore be needed for each of the AMPs. Those selected should give an overview of the performance across the asset groups or specific asset groups. A range of indicators exist and are used for benchmarking purposes through a variety of performance networks. However, in some cases new indicators may require to be devised.

10.1.2 At this time indicators have been selected for inclusion from the Property AMP and Roads AMP. In addition, the Carbon Reduction Targets are well established and provide performance across a range of assets. Other AMPs are not at sufficiently advanced stages to identify appropriate indicators.

1) 23% reduction in CO₂ emissions by 2015 (based on 2008/09 emission levels)

The volume of CO₂ emitted from Council operations has been monitored over the past 5 financial years (2008/09 – 2012/13). This includes emissions from business travel, fleet, some Council housing (59 multi-storey blocks, consisting of approximately 4,500 flats), public buildings, street lighting, water and waste disposal. The graph below shows the trend for emissions for each of these groups.

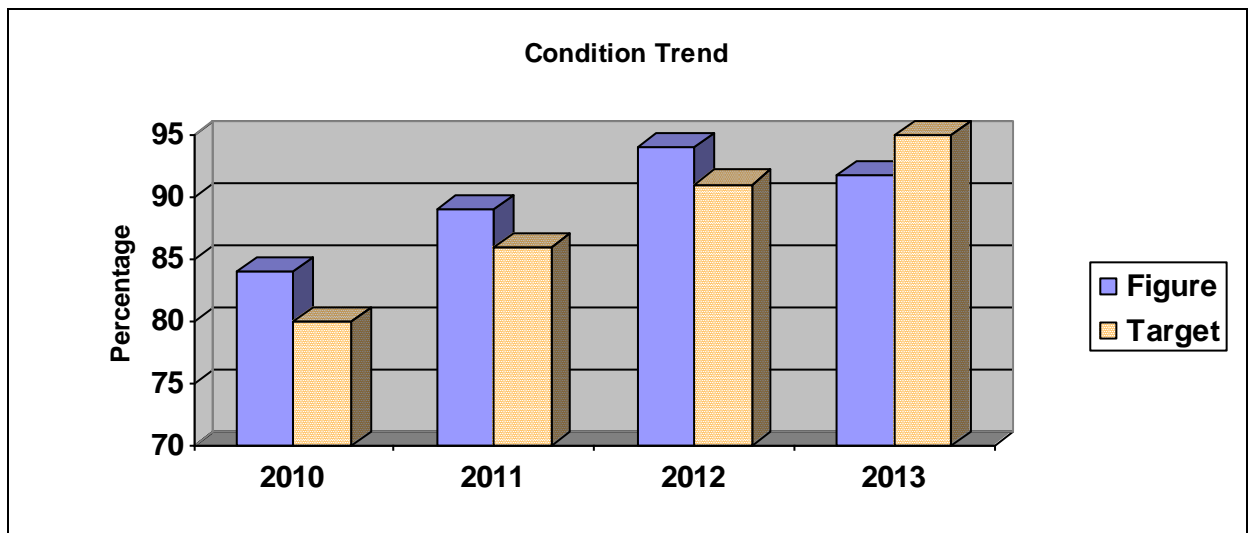


The target of 23% CO₂ reduction by 2015 equates to a reduction of 27,262 tonnes CO₂ over the course of the 5 year plan. This means a reduction of 4.6% must be achieved year on year until 2015 which equates to 5,452 tonnes CO₂ every year.

To date, the Council has achieved a 21.6 % reduction in its carbon footprint, the equivalent of 25,356 tonnes CO₂ since 2008/09. This means the Council is on track to meet its target of a 23% reduction in carbon emissions by 2015 but must continue this trend in order to meet our ambitious 2020 target of a 42% reduction in carbon emissions.

2) The proportion of operational accommodation that is in a satisfactory condition.

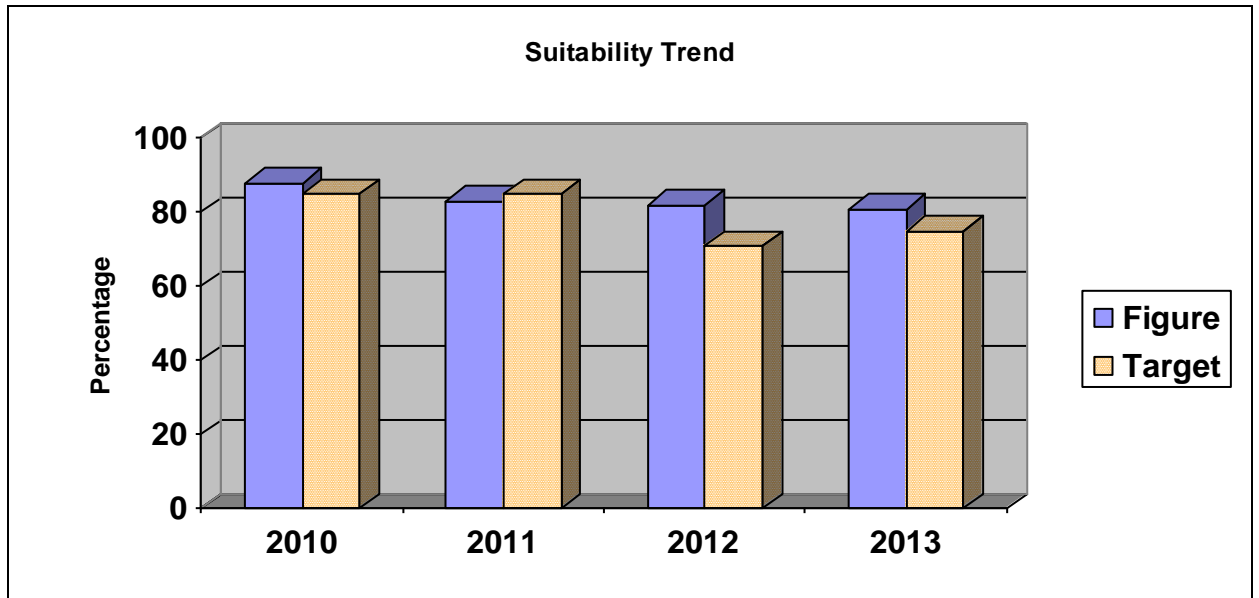
This year's satisfactory condition figure of 91.7% falls short of the 95% target, with the percentage falling by 2.3% on last year's figure. The trend shows a decline in the percentage of properties in satisfactory condition, which is a first since the commencement of this SPI. The decrease was predominately due to the resurvey and resulting down grading of two larger buildings. There are several Capital and C&S projects set to be completed in the next 12 months, which are likely to result in an improvement in the figure overall. Taking this into account a target for next year of 93 % has been set.



3) The proportion of operational accommodation that is suitable for its current use.

The figure has dropped very slightly from 81.5% to 80.9%. A drop was anticipated following the implementation of the non-schools form, which is now completed. The overall figure has declined over the four years of

reporting but to a lesser extent than expected. Capital projects due for completion over the next 12 months should result in a small number of assets becoming suitable but resurveys may well counteract this. Taking this into account the target is set at 81% which is a case of maintaining the current position.



4) Road Condition Index (RCI)

The current RCI is 30.48% which is a decrease on the previous year. The deterioration profile is slowing down but the expectation is that without further additional expenditure it is going to continue to decline.

Year	% Network			RCI
	Red	Amber	Green	
2007-2009	4.2	20.3	75.4	24.6
2008-2010	7.46	23.74	68.8	31.2
2009-2011	8.87	25.86	65.3	34.7
2010-2011	7.26	25.15	67.6	32.4
2011-2012	6.3	24.18	69.52	30.48

5) Lighting Columns > 30 Years

A slight improvement was evident in the 2013 Statutory Performance Indicator return. However the Roads AMP has identified that the current budget provision is not sufficient to allow sufficient lighting columns exceeding their service life to be replaced. This will therefore lead to a decline in the figure in future years.

Year	Percentage Greater Than 30 Years
2007/08	28.65%
2008/09	27.24%
2009/10	37.74%
2010/11	34.90%
2011/12	32.63%
2012/13	31.09%

11. Capital Strategy and Funding – Non-Housing

11.1 Introduction

11.1.1 In 2013 the Council moved to a five year capital programme to allow for easier management and greater certainty. The Council faces real challenges in funding capital projects and the demands for new infrastructure and buildings. Recent years has seen a reduction in the capital programme when compared with the previous 5 years. As reiterated in the SIP, it is a fundamental policy of the Council to reduce debt over the 5 Year Business Plan. As such, the majority of future capital programmes will be funded through the Scottish Government grant and capital receipts, or by Services allocating revenue funds for capital investment to avoid impacting on the overall debt position. In addition there is an increased incentive to identify traditional funding methods such as other grants as well as looking at alternative funding methods. This would include revenue options and partnership working.

11.1.2 The management of the capital programme is the responsibility of the Corporate Asset Group on behalf of CMT. A robust process is in place for the monitoring of the programme, which has been steadily refined over a number of years. A 2013 report from Audit Scotland titled 'Major Capital Investment in Councils' resulted in some further changes. Most importantly it was made clear that all projects within the capital programme must have detailed business cases. This was approved by the Finance, Policy & Resources Committee in September 2013. The value of quality business cases to effective capital planning cannot be understated. Currently steps are being taken to improve the quality and content of business cases, to revisit projects and the evidence supporting them and to ensure staff are adequately trained to support project governance.

11.1.3 The Council also has an approved corporate process for the prioritisation of non-housing capital bids. This process is due for review and the revised version will be submitted to Committee for approval during 2014. A robust process is essential as the investment needs now flowing from the AMP's exceed the available funding. Without this process in place funding may not be allocated to the correct priorities.

11.2 Non-Housing Capital Programme

11.2.1 A five year capital programme for financial years 2013/14 to 2017/18 was approved by Council in February 2013. The extended programme and funding strategies take account of changes to projects and the SIP, and is presented in conjunction with this plan for approval by Council. This programme will extend the current programme and funding strategies to 2018/19.

11.3 Capital Receipts

11.3.1 General Services - Capital receipts (sales of assets) are integral to the affordability of the current and future non-housing capital programme. The target for the General Services Account in 2013/14 was £3.5 million, with receipts totalling £4.1 million being received to date. A 5 year disposal programme is updated on a monthly basis. Projecting income from receipts over a longer period provides more flexibility especially as some asset disposals are dependent on planning permission and other conditions before the income from the sale can be received.

11.4 Developers Contributions

11.4.1 Developers contributions are monitored by the Asset Management Team, ensuring their allocation and subsequent spend. In some cases these contributions can be used to fund existing capital projects or used to enhance projects. These contributions are particularly important to the building of new schools.

11.4.2 The total agreed contributions from developers between 2007 and 2013 is £4.08m. It is expected that this figure will rise significantly as legal agreements from that period are being reviewed and from development flowing from the implementation of the Aberdeen Local Development Plan.

11.4.3 Significant residential developments within the masterplan will create requirements for new facilities. It is expected that this will result in large developers' contributions towards such facilities.

11.4.4 At the Enterprise, Strategic Planning & Infrastructure Committee meeting of 21 January 2014 the Local Development Plan, draft Supplementary Guidance - Infrastructure and Developers Contributions Manual was agreed for public consultation. The purpose of this Infrastructure and Developer Contributions Manual is to provide clear guidance on the methodology used to identify infrastructure requirements and the criteria that should be used to calculate developer contributions to support new development. Changes have been made to the Education, Open Space Core Paths and Water sections of the Supplementary Guidance as well as a general rationalisation of information contained within the document to aid clarity.

11.5 Alternative Funding

11.5.1 Pressures on the capital programme mean that alternative funding methods are becoming increasingly important. Recognised routes of applying for grant funding such as through the Heritage Lottery Fund has been successful in obtaining funding for the Duthie Park Restoration and similar assistance is being pursued in relation to the Art Gallery redevelopment.

11.5.2 Non-traditional routes are also being explored. The Scottish Government, through SFT have developed funding models using a non-profit distributing model to enable increasing numbers of developments to proceed. The new South of the City Academy will be delivered through this means via a Design Build Finance & Maintain (DBFM) contract provided by the Hub North Scotland Ltd.

12. Capital Strategy and Funding – Housing

12.1 Introduction

12.1.1 The Council is working towards a 30 year business plan which demonstrates the long term affordability of maintaining and improving the Council housing stock. The Housing Capital Programme is an integral element of the long term plan. The monies required to fund the housing capital programme can be achieved through a combination of external borrowing, capital grants and a revenue contribution. The primary revenue income is rent which means the Housing Capital Programme is closely tied to the rent strategy.

12.2 Approved Housing Capital Programme 2014/15 – 2018/19

12.2.1 The approved Housing Capital Programme is summarised below. Proposed works for the 2014/15 financial year have been produced using the information held on cyclical replacement of each element (central heating, kitchens, bathrooms etc) and community projects provided by key stakeholders.

Heading	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's
SHQS	37,583	30,163	26,868	25,389	24,270
Non SHQS	3,935	2,487	2,104	2,037	2,045
Corporate Fees	5,405	4,424	3,961	3,756	3,599
Total	46,923	37,074	32,933	31,182	29,914

12.3 Future Investment

12.3.1 Future investment will be targeted on the basis of the outcomes from: the Housing Asset Management Plan, compliance with the Scottish Housing Quality Standard and the regulations contained within the proposed Scottish Government's "Energy Efficiency in Scottish Social Housing" which is due for publication shortly.

12.4 Capital Receipts

12.4.1 Capital receipts are not used to support the Housing Capital Programme and in most cases are relatively small in value. £243,277 of receipts has been achieved to date in 2013/14. Such receipts are used to reduce capital borrowing.

12.5 Developers Contributions

12.5.1 Developers contributions are not currently used to support the Housing Capital Programme. However developers contributions towards affordable housing helps support the Strategic Housing Investment Plan.

12.6 Alternative Funding

- 12.6.1 A Carbon Energy Savings Programme (CESP) grant of approximately £1.6 million each will be paid to Aberdeen City Council by Scottish Power before the end of the 2012/13 financial year following the over cladding and installation of a Combined Heat and Power to 198 flats in three multi storey blocks in the Seaton area.
- 12.6.2 A similar CESP grant of approximately £1.5 million each will be paid to Aberdeen City Council by Scottish and Southern Electricity during the 2013/14 financial year following the over cladding and installation of a Combined Heat and Power to 156 flats in three multi storey blocks in the Balnagask area.
- 12.6.3 Discussions are also currently in progress with Scottish and Southern Electricity with a view to securing a £420,000 ECO Pilot funding to assist with the insulation of external walls to 84 solid wall flats in Tullos Place and Grampian Place, Torry.

13. Key Priorities

13.1 Key Priority Tasks

13.1.1 The tasks below have been identified by the CAG as key to ensuring the continued implementation of asset management. The timetable may vary slightly depending on future Committee dates.

Target Date	Priority Task	Responsibility
Feb 2014	Corporate AMP Update Fleet AMP Update	EP&I EP&I
Mar 2014		
Apr 2014	1 st Housing AMP	H&E
May 2014	EP&I Service AMP Update	EP&I
Jun 2014	Review and Update Capital Process 1 st Open Space AMP 1 st Infrastructure AMP	EP&I EP&I EP&I
Jul 2014		
Aug 2014	H&E Service AMP Update	H&E
Sep 2014	SC&W Service AMP Update EC&S Service AMP Update Open Space AMP Update Infrastructure AMP	SC&W EC&S EP&I EP&I
Oct 2014	Property AMP Update CG Service AMP Update	EP&I CG
Nov 2014		
Dec 2014	ICT AMP Update	CG
Jan 2015		
Feb 2015	Corporate AMP Update Fleet AMP Update	EP&I
Mar 2015		
Apr 2015	Housing AMP Update	H&E
May 2015	EP&I Service AMP Update	EP&I
Jun 2015	Review and Update Capital Process Open Space AMP Update Infrastructure AMP Update	EP&I EP&I EP&I
Jul 2015		
Aug 2015	H&E Service AMP Update	H&E
Sep 2015	SC&W Service AMP Update EC&S Service AMP Update Open Space AMP Update Infrastructure AMP	SC&W EC&S EP&I EP&I
Oct 2015	Property AMP Update CG Service AMP Update	EP&I CG
Nov 2015		
Dec 2015	ICT AMP Update	CG

14. Glossary of Terms

14.1.1

ACROYNM	TITLE	DESCRIPTION
APSE	Association for Public Service Excellence	Not for profit local government body working with over 300 councils throughout the UK. Promoting excellence in public services.
AWPR	Aberdeen Western Peripheral Route	New road being developed to improve travel in and around Aberdeen and North-East Scotland.
CAG	Corporate Asset Group	Group of senior officers within Aberdeen City Council tasked with driving Asset Management.
CIPFA	Chartered Institute of Public Finance & Accountancy	Accountancy body for public services, whether in the public or private sectors.
CMT	Corporate Management Team	Consists of ACC Chief Executive and Directors, meeting on a regular basis.
DBFM	Design Build Finance & Maintain	Alternative method to financing construction projects through Capital. Similar to PPP.
GPsSPAG	Grampian Public Sector Strategic Property Asset Group	Group featuring Grampian Police, Grampian Fire & Rescue, NHS Grampian, Aberdeenshire Council, Moray Council and Aberdeen City Council.
NHT	National Housing Trust	Scottish Government funded initiative.
PAMP	Property Asset Management Plan	Strategic document covering the management of all property assets.
PAS	Pressured Area Status	Designation of an area which results in the suspension of the right to buy for up to 10 years.
PPP	Public Private Partnership	Alternative method to financing construction projects through Capital.
RCI	Roads Condition Index	An assessment of the condition of the roads network.
RTB	Right to Buy	Scheme entitling tenants to purchase
SAMP	Service Asset Management Plan	Asset Management Plan looking specifically at individual services and their requirements.
SCOTS	Society of Chief Officers of Transportation in Scotland	The society's work involves improving performance and innovation in the design, delivery and maintenance of transportation systems.
SEPA	Scottish Environment Protection Agency	Scotland's environmental regulator.
SFT	Scottish Futures Trust	Scottish Government funded organisation with wide ranging remit including Asset Management.

SHQS	Scottish Housing Quality Standard	The Scottish Government's principal measure of housing quality in Scotland.
SIP	Strategic Infrastructure Plan	Council strategic plan that sets out the five infrastructure priorities.
SUDS	Sustainable Urban Drainage Systems	Sequence of water management practices and facilities designed to drain surface water in a manner that will provide a more sustainable approach.
SW	Scottish Water	Publicly owned company providing a drinking water and waster water services.
TNRP	Tenanted Non-Residential Property	Assets not held for operational purposes and leased to third parties. Excludes housing including Staff Houses.

**ABERDEEN CITY COUNCIL
2014/15 to 2016/17**

**THE PRUDENTIAL CODE
For Capital Finance in Local Authorities**

From 1 April 2004, Councils are required by Regulation to have regard to the Prudential Code (the Code) when carrying out their duties under Part 7 of the Local Government in Scotland Act 2003.

In setting the revenue and capital budgets, members will be aware that under the Prudential Code, the level of capital investment is determined locally. Therefore, these indicators will be reviewed on an ongoing basis to ensure that the Council does not breach the indicators it sets.

The key objectives of the Code are to ensure:-

- The Council's capital programmes are affordable, prudent and sustainable.
- Treasury management decisions are taken in accordance with good professional practice.

The Code also has the objectives of being consistent with and supporting local strategic planning, local asset management planning and proper option appraisal.

In setting the indicators, cognisance should be paid to the level of capital investment looking ahead for a three year period, for both the housing and non-housing capital programmes that the Council wishes to embark upon. The Code also requires that the underlying requirement to finance PPP projects and finance leases be included when setting the indicators.

The Code requires that the following Prudential Indicators are set for the Council:-

	Capital Expenditure				
	2012/13	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000	£'000
	Actual	Estimate	Estimate	Estimate	Estimate
Non HRA	26,487	54,196	94,783	107,922	93,935
HRA	36,997	36,033	41,762	32,992	29,310

	Ratio of Financing Costs to Net Revenue Stream				
	2012/13	2013/14	2014/15	2015/16	2016/17
	Actual	Estimate	Estimate	Estimate	Estimate
Non HRA	6.6%	6.9%	7.0%	7.1%	7.2%
HRA	17.1%	16.3%	17.1%	18.4%	18.8%

	Capital Financing Requirement				
	2012/13	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000	£'000
	Actual	Estimate	Estimate	Estimate	Estimate
Non HRA	498,321	497,816	494,351	487,696	479,254
HRA	234,504	242,283	256,321	261,006	260,464
Total	732,825	740,099	750,672	748,702	739,718

The Prudential Code states:

“In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.”

The Head of Finance reports that the Council can meet this requirement in 2013/14, and it is expected to do so for the future years, as outlined, taking into account current commitments, existing plans, and the assumptions in this report.

	Authorised Limit for External Debt			
	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000
Operational Boundary	745,510	762,353	766,653	763,939
10% Margin	74,551	76,235	76,665	76,394
Total	820,061	838,588	843,318	840,333

	Operational Boundary for External Debt			
	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000
Borrowing	635,146	654,611	660,684	660,448
Other Long Term Liabilities	110,364	107,742	105,969	103,491
Total	745,510	762,353	766,653	763,939

The estimate of the incremental impact of capital investment decisions proposed in this report, over and above capital investment decisions that have previously been taken by the Council are:

(a) for Band D Council Tax

	2014/15	2015/16	2016/17
	£0	£0 (Prov)	£0 (Prov)

(b) for average weekly housing rents (assuming that increased capital investment is financed by way of cfr and borrowing)

	2014/15	2015/16	2016/17
	£1.36	£0.76	£0.44