

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth & Resources
DATE	18 September 2018
REPORT TITLE	Condition & Suitability 3 Year Programme
REPORT NUMBER	RES/18/151
DIRECTOR	Steven Whyte
CHIEF OFFICER	Stephen Booth
REPORT AUTHOR	Alastair Reid
TERMS OF REFERENCE	Purpose 4. To oversee and monitor the development and approval of an appropriate strategy for the Council's estate, including plans for investment, disposal and maintenance.

1. PURPOSE OF REPORT

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

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Note the projects completed or legally committed to date in 2018/19 as shown in Appendix A;
- 2.2 Note the currently approved projects and approves the amended estimated budgets for each project as shown in Appendix B;
- 2.3 Approve the new Condition & Suitability Programme projects listed in Appendix C for inclusion in the 3-year Condition & Suitability Programme and approves the estimated budget for each project;
- 2.4 Approve the removal of the projects listed in Appendix D;
- 2.5 Instructs the Chief Officers for Capital and Corporate Landlord to implement the detailed 3-year C&S Programme;
- 2.6 Delegates authority to the Chief Officer Corporate Landlord, following consultation with the Capital Board and the Convener and Vice-Convener of this Committee, to amend the C&S Programme should priorities change due to unforeseen circumstances during the year, with such changes to be reported retrospectively to the Committee;

- 2.7 Delegates authority to the Chief Officer Corporate Landlord, following consultation with the Capital Board and the Convener and Vice-Convener of this Committee, to allocate projects or additional budgets to/from a £500k reserve fund, with such allocations to be reported retrospectively to the Committee; and
- 2.8 Note the future C&S projects listed in Appendix E.

3. BACKGROUND

- 3.1 This report brings together, for Members' approval, the proposed 3-year Condition & Suitability (C&S) Programme (2018/19 – 2020/21) for the condition and suitability works on the Council's non-housing property portfolio. This report seeks approval of the revised 3-year programme.
- 3.2 The total budget allocation for the 3 years is £27.339m. This programme was prepared utilising the detailed property information gathered as part of the development of the Property Asset Management Framework, and after discussions with all relevant Chief Officers.
- Proposed 3 Year Programme
- 3.3 Projects with a value of £5.088m have already been completed to date or are legally committed in 2018/19. The completed and legally committed are detailed in **Appendix A**.
- 3.4 A further £12.933m is allocated to currently approved projects as shown in **Appendix B**. A confidential version of Appendix B is included within today's confidential reports, which details the approximate cost for each project and the revised budgets where applicable.
- 3.5 As certain projects have progressed through the detailed scoping and feasibility stage, it is evident that an enhanced scope of work is highly desirable or indeed essential. The budgets currently allocated will not cover the enhanced scope of works. As such additional budget allocations totalling £0.930m are sought for these projects as shown in Appendix B. The additional budget allocation for Harlaw Road Pavilion is included on a provisional basis. This project is currently progressing through the governance and approval process, which would include the completion of a business case. Should the project not be approved alternative projects will be identified for inclusion in the programme and reported back to this Committee in due course.
- 3.6 The above allocations leaves £7.888m available for new projects to allow the continued condition and suitability work to be progressed. The proposed programme is contained in **Appendix C**. A confidential version of Appendix C is included within today's confidential reports section, which details the estimated cost for each project.
- 3.7 £0.5m has been left unallocated. The recommendation is for this to be used as a reserve fund which can address increased budgetary demands for individual projects or be allocated to urgent projects not previously identified. Over the

last 12 months £0.24m was used from the previously approved reserve fund. The reserve fund was used for the following projects:-

- Broomhill Primary School – New project covering repointing to external walls and lead work to parapets.
- Aberdeen Grammar School – Revised budget for pool plant replacement.

3.8 The proposed allocation of the £27.339m is shown below:-

Budget Requirement	Allocation
Projects Completed or Legally Committed	£5,088,000
Currently Approved Projects	£12,933,000
Additional Budget for Approved Projects	£930,000
New Projects	£7,888,000
Reserve Fund	£500,000
Total	£27,339,000

3.9 In addition to the major works contained in the overall programme, a combined sum of £734k has been identified for minor works (£484k already approved and an additional £250k). These works are primarily related to Health and Safety, Asbestos removal and Disability Discrimination Act projects. This list requires to be flexible as works often have to be carried out at short notice to address health and safety issues or to remove asbestos after it has been identified. The proposed allocation of the £734k is:-

	2018/19	2019/20	2020/21
Asbestos Removal	£65k	£90k	£90k
	Completed/programmed:- • Kittybrewster Primary phase 2 • Ashley Road final phase	Projected budget allocation	Projected budget allocation
General H&S Works	£58k	£25k	£25k
	Completed/programmed:- • Removal of unsafe play equipment • PV disconnections • Gilcomstoun School - Replace glass panels in doors	Projected budget allocation	Projected budget allocation
Fire Risk Audit works	£21k	£45k	£45k
	Completed/programmed:- • Kingsford Primary School. Hall fire door provision. • St Joseph's RC School. Intumescent door vents	Projected budget allocation	Projected budget allocation
Security Works	£145k	£50k	£25k
	Completed/programmed:- • Surplus/vacant assets security works	Projected budget allocation	Projected budget allocation
Legionella Works	£0k	£25k	£25k
	Completed/programmed:- • None	Projected budget allocation	Projected budget allocation

- 3.10 The projects shown within **Appendix D** are recommended for removal from the programme. The reasons for doing so are also shown in the Appendix.
- 3.11 The provisional 3-year programme will allow substitution of projects should it not be possible to implement any of the projects on the primary list, or should a statutory requirement arise. Potential projects for future programmes have been identified and could be brought forward in some instances. These projects are shown in **Appendix E**. It should be noted that Appendix E is not a definitive list of potential condition and suitability projects.

Procurement Procedures

- 3.12 When inviting tenders or entering in to contracts for the C&S Programme Aberdeen City Council Procurement Regulations 4.1.1.1 and 4.1.1.2 will be followed.
- 3.12.1 Contracts below £50,000 (supplies/services) or £250,000 (works).
Subject to budget approval, the relevant Chief Officer may give authority to conduct any procurement where the estimated value of contract is below £50,000 (supplies/services) or £250,000 (works). The procurement shall be undertaken by a Delegated Procurer in line with Section 4.3 of these Procurement Regulations.
- 3.12.2 Contracts above £50,000 (supplies/services) or £250,000 (works).
Contracts with an estimated value of above £50,000 (for supplies/services) or above £250,000 (works) shall be listed on the workplan to be submitted by the relevant Director or Chief Officer in accordance with Procurement Regulation 14.6. Each individual contract will also require a Business Case (conforming to a template approved by the Head of Commercial and Procurement Services) to be submitted by the relevant Chief Officer to the Strategic Commissioning Committee. The approval of that Committee is required prior to the procurement being undertaken.
- 3.13 The majority of the projects are below the £250k (works) limit and will be procured under regulation 4.1.1. Around 20 projects are estimated to be greater than £250k and will be procured under 4.1.2. Therefor a procurement business case will be required to be completed. Following approval they will be included in the Resources workplan.

Monitoring and Reporting of Programme

- 3.14 Monitoring of the programme will be carried out in line with the capital monitoring procedures. This includes monthly progress reports to the Capital Board chaired by the Chief Officer Corporate Landlord. In addition, progress is reported to the Capital Programme Committee.
- 3.15 An annual report to this Committee will be required to add a further year to the programme and revise any individual budgets if necessary. Changes to the programme reports will be submitted in line with recommendations 2.6 and 2.7.
- 3.16 Monitoring and reporting of the workplan will be via the Strategic Commissioning Committee (“SCC”), with the annual workplan being updated prior to the commencement of each new financial year and the Director of

Resources updating the SCC from time to time in the event of any new procurements being added to the workplan.

3.17 Property Asset Management Policy and Framework

The approved 2016 Property Asset Management Framework has the following vision for property assets:-

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

3.18 In terms of Condition and Suitability this means that the aim is to have all assets in A or B Condition and A or B Suitability. The definitions of the gradings are contained in **Appendix F**.

3.19 Targets for improving the percentage of assets in satisfactory condition and reducing the backlog maintenance are reported through the Statutory Performance Indicators. This programme along with the rationalisation of our portfolio and property related capital projects will provide the main tools for meeting these targets.

3.20 The C&S programme also supports the Strategic Transformation Committee approved Asset Review Business Case. Specifically the strategic demolition of former school buildings, which would result in significant revenue savings. Future annual updates to the programme, along with recommendations 2.6 and 2.7, will allow further projects to be added that deliver savings in line with the Transformation agenda.

4. FINANCIAL IMPLICATIONS

4.1 Expenditure will be in accordance with the Council’s approved Non-Housing Capital budget. The budget identified in years 1-3 in the Capital programme for the Condition & Suitability (C&S) programme is £27.339m. Completed or legally committed projects account for £5.088m, approved projects amount to £12.933m with the remainder allocated as detailed.

4.2 There are further allocations of £8m in 2021/22 and £8m in 2022/23. Giving a combined indicative 5-year budget of £43.339m. Projects shown in Appendix E will form the basis for years 2021/22 and 2022/23.

4.3 To manage unexpected costs or additional works that may be required a reserve fund budget of £500k will not be allocated at this time. This budget will be used to accommodate increased budgetary requirements or urgent projects not previously identified.

4.4 There will be flexibility within the 3-year programme for approved projects to move between financial years, however the overall spend will remain within the total budgeted profile.

4.5 Specific demolition projects contribute to the revenue savings identified in the Asset Review Business Case. These will continue to be reported through Transformation processes.

5. LEGAL IMPLICATIONS

5.1 All contracts to be tendered shall be done so in accordance with the ACC Procurement Regulations and the applicable legislation.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	Total cost of projects is greater than available budget.	L	Appropriate budget monitoring.
Legal	None		
Employee	If the recommendations are not approved there may be a delay in delivering improvements to places of work.	M	Continue to prioritise projects.
Customer	If the recommendations are not approved there may be a delay in delivering improvements to publicly accessible assets. Potentially leading to a poorer visitor experience.	M	Continue to prioritise projects.
Environment	None		
Technology	None		
Reputational	Certain projects will not be included which may be viewed negatively by the public and/or press. Given that funding would be in place for many other projects the risk would be low. The increased budget requirements for projects	L L	This risk could be managed through appropriate communications. The reasons for the budget changes are explained

	shown in Appendix B could be perceived negatively by the public and/or press.		within the appendix, so the risks are considered low.
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7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	The C&S programme sees significant investment in the Council's infrastructure. While demolition projects help facilitate the development of sites surplus to the Council's requirements.
Prosperous People	Many of the projects target assets used by the public such as schools, homes for the elderly and libraries. That investment helps support this theme.
Prosperous Place	Projects such as window replacements have environmental benefits which contribute to this theme.

Design Principles of Target Operating Model	
	Impact of Report
	The C&S programme has no specific impact but individual projects may link to the TOM Design Principles.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

- 9.1 Condition & Suitability 3-year programme report to Finance Policy & Resources Committee 20 September 2017 (item 27).
<https://committees.aberdeency.gov.uk/ieListDocuments.aspx?CIId=146&MIId=5875&Ver=4>

- 9.2 Asset Review Business Case report to Strategic Transformation Committee 9 February 2018 (item 10).
<https://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=602&MId=5894&Ver=4>

10. APPENDICES (if applicable)

- 10.1 Appendix A – Complete or Committed Projects
- 10.2 Appendix B – Currently Approved Projects
- 10.3 Appendix C – Proposed New Projects
- 10.4 Appendix D - Projects to be Removed
- 10.4 Appendix E – Future Projects
- 10.5 Appendix F – Definitions

11. REPORT AUTHOR CONTACT DETAILS

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