

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	City Growth & Resources
<b>DATE</b>	28 October 2020
<b>EXEMPT</b>	No  Appendices B, C and D have a private version which are exempt under paragraph 8.  Estimated expenditure on Contracts. 'This report refers to the acquisition or supply of goods/services where disclosure to the public of the amount to be spent would be likely to give an advantage to a person or organisation seeking to enter a contract with the Council.'
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Condition & Suitability 3 Year Programme
<b>REPORT NUMBER</b>	RES/20/167
<b>DIRECTOR</b>	Steven Whyte
<b>CHIEF OFFICER</b>	Stephen Booth
<b>REPORT AUTHOR</b>	Alastair Reid
<b>TERMS OF REFERENCE</b>	4.1 approve recommendations regarding the Council's assets, property and estates

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### 1. PURPOSE OF REPORT

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

### 2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Notes the projects completed or legally committed to date in 2020/21 as shown in Appendix A;
- 2.2 Notes the currently approved projects and approves the amended estimated budgets for each project as shown in Appendix B;
- 2.3 Approves the new 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 and delegates authority to the Chief Officer - Capital, following consultation with the Head of Commercial and Procurement Services, to consider and approve procurement business cases for each of these projects for the purposes of Procurement Regulation 4.1.1.2; and thereafter to procure appropriate works and services, and enter into any contracts necessary for the projects without the need for further approval from any other Committee of the Council;

- 2.4 Approves the removal of the projects listed in Appendix D; and
- 2.5 Delegates authority to the Chief Officer - Corporate Landlord, following consultation with the Capital Board and the Convener and Vice-Convener of this Committee, to amend the C&S Programme should priorities change due to unforeseen circumstances during the year, with such changes to be reported retrospectively to the Committee.

### 3. BACKGROUND

- 3.1 This report brings together, for Members' approval, the proposed 3-year Condition & Suitability (C&S) Programme (2020/21 – 2022/23) for the condition and suitability works on the Council's General Fund property portfolio. This report seeks approval of the revised 3-year programme.
- 3.2 The total budget allocation for the 3 years is £27.896m. 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 £1.705m have already been completed to date or are legally committed in 2020/21. The completed and legally committed are detailed in **Appendix A**.
- 3.4 A further £18.124m 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 £710k are sought for these projects as shown in Appendix B.
- 3.6 The above allocations leaves £6.857m 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. The reserve fund was not used over the last 12 months.
- 3.8 The proposed allocation of the £27.896m is shown below:-

<b>Budget Requirement</b>	<b>Allocation</b>
Projects Completed or Legally Committed	£1,704,761
Currently Approved Projects	£18,124,000
Additional Budget for Existing Projects	£710,000
New Projects	£6,857,239
Reserve Fund	£500,000
Total	£27,896,000

- 3.9 In addition to the major works contained in the overall programme, a combined sum of £596k has been identified for minor works (£496k already approved and an additional £100k). These works are primarily related to Health and Safety, Asbestos removal and Equality 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 £596k is:-

	<b>2020/21</b>	<b>2021/2022</b>	<b>2022/23</b>
<b>Asbestos Removal</b>	£100k	£90k	£90k
	<b>Completed/programmed:-</b> <ul style="list-style-type: none"> <li>• Former Cordyce Primary</li> <li>• Former Bucksburn Primary</li> </ul>	Projected budget allocation.	Projected budget allocation.
<b>General H&amp;S Works</b>	£10k	£55k	£55k
	<b>Completed/programmed:-</b> <ul style="list-style-type: none"> <li>• Projects to be considered as buildings become operational.</li> </ul>	Projected budget allocation	Projected budget allocation
<b>Fire Risk Audit works</b>	£16k	£55k	£55k
	<b>Completed/programmed:-</b> <ul style="list-style-type: none"> <li>• Minor additions to various fire alarm systems.</li> </ul>	Projected budget allocation	Projected budget allocation
<b>Legionella Works</b>	£15k	£25k	£20k
	<b>Completed/programmed:-</b> <ul style="list-style-type: none"> <li>• Improved access to domestic storage water tanks at various assets.</li> </ul>	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. A confidential version of Appendix D is included within today's confidential reports section, which details the estimated cost for each project.
- 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 into contracts for the C&S Programme Aberdeen City Council Procurement Regulations 4.1.1.1 and 4.1.1.2 will be followed.
- 3.13 4.1.1.1.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.
- 3.14 4.1.1.2.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 this Committee. The approval of this Committee is required prior to the procurement being undertaken.
- 3.15 The majority of the projects are below the £250k (works) limit and will be procured under regulation 4.1.1.1. Around 20 projects are estimated to be greater than £250k and require a procurement business case. If recommendation 2.3 is accepted the procurement of those projects will be approved through that route. Should the recommendation not be accepted then they will be procured under regulation 4.1.1.2. Therefor a procurement business case would be submitted for approval as part of an appropriate update of the Resources workplan.

#### Monitoring and Reporting of Programme

- 3.16 Monitoring of the programme will be carried out in line with the capital monitoring procedures. This includes regular progress reports to the Capital Board chaired by the Chief Officer Corporate Landlord. In addition, progress is reported to the Capital Programme Committee.
- 3.17 An annual report to this Committee will be required to add a further year to the programme and revise any individual budgets if necessary. Changes to the programme will be reported in line with recommendation 2.5.
- 3.18 Monitoring and reporting of the workplan is performed by this Committee. With the annual workplan being updated prior to the commencement of each new financial year, with updates to workplan submitted as required throughout the year.

#### Property Asset Management Policy and Statutory Performance Indicators

- 3.19 The approved 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.”**

- 3.20 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. In addition, publicly accessible buildings are targeted for A or B accessibility. The definitions of the gradings are contained in **Appendix F**.
- 3.21 Targets for improving the percentage of assets in satisfactory condition/suitability and reducing the required maintenance levels are reported through the Statutory Performance Indicators (SPI). This programme along with the rationalisation of our portfolio and property related capital projects will provide the main tools for meeting these targets. **Appendix G** of this report provides the SPI definitions and graphical representation of the trends across 5 years.
- 3.22 The Performance Management Framework report also submitted to this Committee references the SPI's for CL1 – Accessibility, CL2a – Condition, CL2b – Suitability and CL3 – Required Maintenance.

#### Covid-19 Impact

- 3.23 The lockdown has inevitably led to projects being delayed. This has been particularly prevalent for school projects which are normally programmed to be carried out over the summer holidays. In many cases this has meant that school projects have been pushed back to Summer 2021. The H&S minor works described in section 3.9 have also been affected and this is reflected in the budget allocations.
- 3.24 Projects that were already on site were stopped in line with Scottish Government guidance. They all recommenced following discussions with contractors.

#### Energy & Climate Plan

- 3.25 Around 30% of the proposed C&S programme is made up of projects that will contribute positively to improving the environmental performance of the Council's assets. These are indicated in Appendices B & C. The majority of these projects are window/door replacements, heating replacements and roof replacements.
- 3.26 The Buildings Thematic Sub-Group of the Energy and Climate Oversight Group will consider how the benefits of the C&S Programme can be captured. In particular how these projects will positively impact on our carbon emissions and raise our climate resilience. This will be developed in the coming months and will form part of future reporting.

## **4. FINANCIAL IMPLICATIONS**

- 4.1 Expenditure will be in accordance with the Council's approved General Fund Capital budget. The budget identified in years 1-3 in the Capital programme for the Condition & Suitability (C&S) programme is £27.896m.

- 4.2 There are further allocations of £8m in 2023/24 and £8m in 2024/25. Giving a combined indicative 5-year budget of £43.896m. Projects shown in Appendix E will form the basis for years 2023/24 and 2024/25.
- 4.3 To manage unexpected costs or additional works that may be required a reserve fund budget of £0.5m 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 Projects on site at the start of lockdown have incurred additional costs in some cases. However, these have been accommodated within the existing budget allocations. The cost of construction has increased since Covid-19. This may mean some existing budget allocations are insufficient. Any additional requirements will be addressed through the annual update of the C&S Programme or covered in line with recommendation 2.5.

## 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

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
<b>Strategic Risk</b>	n/a		
<b>Compliance</b>	Many projects are required to make assets safe. If projects are not completed issues could occur.	L	Appropriate prioritisation of projects.
<b>Operational</b>	Assets are required to support service delivery. If projects are not completed the delivery of services could be affected.	L	Appropriate prioritisation of projects.
<b>Financial</b>	Total cost of projects is greater than available budget.	L  L	Appropriate budget monitoring.

	The impact of Covid-19 on construction costs could increase costs beyond available budget.		Appropriate budget monitoring and increased budgets sought where necessary.
<b>Reputational</b>	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 shown in Appendix B could be perceived negatively by the public and/or press.	L  L	This risk could be managed through appropriate communications.  The reasons for the budget changes are explained within the appendix, so the risks are considered low.
<b>Environment / Climate</b>	Investment in assets may not positively impact on the environment.	L	Careful specification of equipment, materials and components.

## 7. OUTCOMES

The proposals in this report have no impact on the Council Delivery Plan.

## 8. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Impact Assessment</b>	Not required
<b>Data Protection Impact Assessment</b>	Not required

## 9. BACKGROUND PAPERS

9.1 Condition & Suitability 3-year programme [report](#) to City Growth & Resources Committee 26 September 2019 (item 13).

## 10. APPENDICES

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 – Property Asset Management Definitions

10.6 Appendix G – SPI Tables

## 11. REPORT AUTHOR CONTACT DETAILS

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